

Serial 1461
No. 11527

IN THE

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

PACIFIC STATES CORPORATION, a corporation,
Appellant,

vs.

FRANK D. HALL and MARGUERITE S. HALL,
Appellees.

TRANSCRIPT OF RECORD

Upon Appeal from the District Court of the United States
for the Southern District of California,
Central Division

FILED

JUL 11 1941

PAUL P. O'BRIEN,

CLERK

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italics; and likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible an omission from the text is indicated by printing in italics the two words between which the omission seems to occur.]

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NAMES AND ADDRESSES OF ATTORNEYS

For Appellant:

GEORGE T. GOGGIN

817 H. W. Hellman Building

354 South Spring Street

Los Angeles 13, Calif.

For Appellees:

C. P. VON HERZEN

725 Citizens National Bank Building

Los Angeles 13, Calif.

and

EDGAR F. HUGHES and

DAVID A. SONDEL

1007 Van Nuys Building

Los Angeles 14, Calif. [1*]

In the District Court of the United States for the
Southern District of California, Central Division

No. 41731-PH

In the Matter of

FRANK D. HALL and MARGUERITE S. HALL,
Husband and Wife,

Debtors.

DEBTOR'S PETITION IN PROCEEDINGS UNDER
SECTION 75 OF THE BANKRUPTCY ACT

To the Honorable Paul J. McCormick, Senior Judge of
the District Court of the United States for the
Southern District of California:

The Petition of Frank D. Hall and Marguerite S. Hall,
residing at Leona Valley, via Palmdale, California, County
of Los Angeles, State of California, respectfully rep-
resents:

That he is primarily bona fide personally engaged in
producing products of the soil (or that he is primarily
bona fide personally engaged in dairy farming, the pro-
duction of poultry or livestock, or the production of poul-
try products or livestock products in their unmanufac-
tured state, or the principal part of whose income is
derived from any one or more of the foregoing opera-
tions) as follows: Farming and cattle ranching in Leona
Valley, near Palmdale. That Frank D. Hall and Mar-
guerite S. Hall are husband and wife respectively, and
the property described herein is owned by both of said

petitioners; that such operations occur in the county of Los Angeles, within said judicial district; that he is insolvent (or unable to meet his debts as they mature); and that he desires to effect a composition or extension of time to pay his debts under section 75 of the Bankruptcy Act.

That the schedule hereto annexed, marked "A," and verified by your petitioner's oath, contains a full and true statement of all his debts, and (so far as it is possible to ascertain) the names and places of residence of his creditors, and such further statements concerning said debts as are required by the provisions of said Act.

That the schedule hereto annexed, marked "B," and verified by your petitioner's oath, contains an accurate inventory of all his property, both real and personal, and such further statements concerning said property as are required by the provisions of said Act.

Wherefore your petitioner prays that his petition may be approved by the court and proceedings had in accordance with the provisions of said section.

FRANK D. HALL

MARGUERITE S. HALL

Petitioners

C. P. VON HERZEN

Attorney for Petitioners

[Verified.]

[Endorsed]: Filed Dec. 9, 1942. [2]

[Title of District Court and Cause]

APPROVAL OF DEBTOR'S PETITION AND
ORDER OF REFERENCE

(Under Section 75 Bankruptcy Act)

At Los Angeles, in said District, on December 9, 1942, before the said Court the petition of Frank D. Hall and Marguerite S. Hall, husband and wife, that he desires to effect a composition or an extension of time to pay his debts, and such other relief as may be allowed under the Act of March 3, 1933, and within the true intent and meaning of all the Acts of Congress relating to bankruptcy, having been heard and duly considered, the said petition is hereby approved accordingly.

It is thereupon ordered that said matter be referred to H. Sidney Laughlin, Esq., one of the Conciliation Commissioners in bankruptcy of this Court, to take such further proceedings therein as are required by said Acts; and that the said Frank D. Hall and Marguerite S. Hall, husband and wife, shall attend before said Conciliation Commissioner on December 16th, 1942, and at such time said Conciliation Commissioner shall designate, at his office in Los Angeles, California, and shall submit to such orders as may be made by said Conciliation Commissioner or by this Court relating to said matter.

Witness, the Honorable Ben Harrison, Judge of said Court, and the seal thereof, at Los Angeles, in said District, on December 9, 1942.

(Seal)

EDMUND L. SMITH

Clerk

By E. M. Enstrom, Jr.

Deputy Clerk

[Endorsed]: Filed Dec. 9, 1942. [3]

[Title of District Court and Cause]

PETITION FOR ADJUDICATION
(Under Sub-section S of Section 75 of the
Bankruptcy Act)

Come now the debtors, Frank D. Hall and Marguerite S. Hall, and respectfully petition to be adjudicated bankrupts under the provisions of Sub-section S of Section 75 of the Bankruptcy Act, and represent as follows:

That your petitioners filed a petition in the above entitled Court for extension of time within which to effect a composition or extension to pay their debts under the provisions of Section 75 of the Bankruptcy Act, which said petition was filed on or about December 10, 1942, and that thereafter, and on or about the 14th day of January, 1943, a Motion to Dismiss the proceedings on the ground that the debtors were not farmers and on the further ground that they were not the owners of the real property set forth and described in the schedules attached to their petition was filed by the creditor, Pacific States Corporation; that said Motion was heard at length by the Honorable H. Sidney [4] Laughlin, Conciliation Commissioner of Los Angeles County, commencing January 20, 1943 and continuing thereafter on various dates until on or about May 18, 1943, at which time the Conciliation Commissioner determined said Motion adversely to the movant, Pacific States Corporation.

That the debtors have proposed a Composition and Extension Agreement to their creditors and that such proposal has been rejected, and it appears that no other proposal which the debtors are in a position to make will be accepted; that at all times the debtors have held themselves amenable to the orders of the Conciliation Com-

missioner of Los Angeles County, and that they have not, nor has either of them, done, suffered or permitted any act contrary to the Bankruptcy statutes of the United States.

Pursuant to the provisions of Section 75 of the Bankruptcy Act, the debtors now request that they be adjudicated bankrupts under the provisions of Sub-section S of Section 75 of the Bankruptcy Act, and that all of their property be appraised and that their exemptions be set aside to them, and that they be allowed to retain possession of all of their property under the terms and conditions set forth in said Sub-section S of Section 75 of the Bankruptcy Act.

FRANK D. HALL

MARGUERITE S. HALL

Petitioners

C. P. VON HERZEN

Attorney for Petitioners

The foregoing Petition of the Debtors, Frank D. Hall and Marguerite S. Hall, is approved in all respects and the undersigned certifies that the facts therein set forth are true, and that the debtors have done nothing contrary to the Bankruptcy Act and are entitled to be adjudicated Bankrupts under Sub-section S, Section 75 of the Bankruptcy Act.

H. SIDNEY LAUGHLIN

Conciliation Commissioner of Los Angeles County,
California [5]

[Verified.]

[Endorsed]: Filed Jun. 4, 1943. [6]

United States District Court
Southern District of CaliforniaORDERS OF ADJUDICATION AND OF GENERAL
REFERENCE UNDER SECTION 75(s)

At Los Angeles, in said District, on June 4, 1943.

The Court having duly considered the following Petitions of Debtors to be adjudged bankrupts under the terms and provisions of subsection (s) of Section 75 of the Bankruptcy Act; it is hereby adjudged that each of said petitioners is a bankrupt under the Act of Congress relating to bankruptcy and each of said proceedings is referred generally to the Conciliation Commissioners whose names appear opposite thereto:

Number	Title of Proceedings	Conciliation Commissioner
41,731-PH	Frank D. Hall and Marguerite S. Hall husband and wife	H. Sidney Laughlin, Esq.

And it is further ordered, adjudged and decreed that all creditors of the above-named bankrupts be and they are hereby enjoined and restrained from commencing or maintaining any judicial or official proceedings in any Court, or under the direction of any official, against the said bankrupts, or any of their property, and from proceeding with any sale of the bankrupts' property under the terms of any Deed of Trust, until further order of this Court.

PAUL J. McCORMICK

United States District Judge

[Endorsed]: Filed Jun. 4, 1943. [7]

[Title of District Court and Cause]

PETITION FOR DETERMINATION OF AMOUNT
OF EXISTING LIEN AND ENCUMBRANCE

Come now the debtors, Frank D. Hall and Marguerite S. Hall, and respectively file this petition for determination of the sum due upon an encumbrance against the real property of said debtors, and represent as follows:

I.

That your petitioners are the owners of all that certain real property described in the Schedules attached to the Petition of the debtors on file herein, and shown on Schedule B. page 7 as "Ranch at Leona Valley, near Palmdale", the legal description of which is attached to said Schedule in a photostatic copy thereof.

II.

That on the 30th day of July, 1927, a deed of trust was executed, in which the Pan American Bank of California was beneficiary, and the Title Insurance & Trust Company was trustee, [18] covering the above described real property, and securing a note in the sum of \$45,000.00, payable on or before five years from the above date.

That concurrently, a separate declaration of trust, commonly referred to as a subdivision trust, was executed in respect to the same real property, wherein the Pan American Bank of California was the beneficiary and trustee; and that subsequently, by reason of the liquidation of the Pan American Bank of California, said bank was unable to perform its duties as trustee, and a substituted declaration of trust was executed, wherein the Citizens National Trust & Savings Bank became trustee.

III.

That as of December 31, 1941, the principal sum of said note had been reduced to \$23,921.22, and that at said time, the trustee Citizens National Trust & Savings Bank had in its possession additional sums of cash to further apply in the reduction of the unpaid principal sum of said note; and that prior to said date, interest had been paid on said note in a sum of not less than \$13,669.68.

IV.

Pacific States Corporation claims and professes to presently own said note and beneficial interest in said deed of trust and declaration of trust; that said claim of ownership is based upon an assignment received by it from the Superintendent of Banks under the following circumstances:

(a) Pacific States Corporation had filed its claim for damages for anticipated breach of the lease of the premises theretofore occupied by said bank in premises known as the Merritt Building, owned by said Pacific States Corporation;

(b) The claim had been rejected by the Superintendent of Banks; [19]

(c) Pacific States Corporation filed its suit in the Superior Court of Los Angeles County upon such rejected claim;

(d) Judgment was entered in favor of the Superintendent of Banks, and against the Claimant, Pacific States Corporation, on said cause of action;

(e) The Claimant appealed from such judgment; and the appeal was pending in November, 1939, and at the time that

1. The Superintendent of Banks had succeeded in paying the depositors of Pan American Bank 100% of their respective deposit claims;

2. The Superintendent was anxious to and desirous of closing the liquidation proceedings of Pan American Bank;

3. The Superintendent had on hand and undisposed of, miscellaneous assets of the Pan American Bank, consisting principally of \$15,000.00 in cash, miscellaneous articles of personal property, such as furniture and fixtures, miscellaneous intangibles, including notes, stocks and judgments, and various interest in real estate, all of which assets of every kind and nature (exclusive of the cash of \$15,000.00), were appraised and valued at \$27,500.00, including the aforesaid unpaid note, secured by said deed of trust and declaration of trust;

4. The Superintendent was unable to close the liquidation proceedings because of the pendency of the appeal of Pacific States Corporation, and the fact that he had not disposed of the remaining assets as above described.

(f) That by an order of the Superior Court all of the assets set forth in Paragraph IV, Subdivision e, (3), were assigned and transferred to Pacific States Corporation in exchange for a dismissal of its appeal aforesaid.

V.

That petitioners allege upon information and belief, that in proportion to all of such transferred assets having a [20] value of \$27,500.00, the maximum value of said note, deed of trust and declaration of trust did not exceed \$15,000.00.

VI.

Debtors further allege that the Pacific States Corporation, as the purported present holder of said lien and encumbrance, has not filed a claim in these proceedings and is withholding the filing of such claim; that sales of certain portions of the debtors' real property have been arranged by the debtors, to certain third persons, in the aggregate sum of approximately \$50,000.00.

VII.

Your petitioners allege that the debt secured by the afore-mentioned deed of trust and declaration of trust has outlawed many years prior hereto, and that in equity and good conscience the holder of said encumbrance, Pacific States Corporation, should be required to accept in full payment and discharge of said obligation, a sum no greater than the value of its claim against the Superintendent of Banks, hereinbefore described, which did not need the appraised value of the assets accepted by said creditors less the proceeds received from the other assets transferred to it, but that the debtors in any event are entitled to a judgment and decree of this Court determining the sums that are due to said alleged creditor,

Pacific States Corporation, and to have said sum fixed and determined concurrently with or prior to the closing of its escrows by which the sum of approximately \$50,000.00 will become available for the mutual benefit of the debtors and their creditors.

Wherefore, petitioners pray that this petition may be set for hearing upon notice or order to show cause, addressed to Pacific States Corporation, the alleged holder of said encumbrance against the debtors' real property, all as the Commissioner herein may deem proper, and that upon said hearing, the amount due or payable upon said encumbrance be fixed and determined, [21] and that upon payment of such sum as may be so fixed and determined, the said creditor be required to give a full and complete release, reconveyance and acquittance to these debtors, and for such other and further relief as the facts presented to the Commissioner and the law applicable thereto may warrant.

FRANK D. HALL

MARGUERITE S. HALL

C. P. VON HERZEN

Attorney for Petitioners [22]

[Verified.]

[Endorsed]: Filed Jul. 19, 1943. Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. [23]

[Title of District Court and Cause]

ANSWER OF PACIFIC STATES CORPORATION
TO PETITION FOR DETERMINATION OF
AMOUNT OF EXISTING LIEN AND EN-
CUMBRANCE.

Comes now Pacific States Corporation, designated as "creditor," and without waiving its right to object to the jurisdiction of this Court over these proceedings, but reserving said right, answers the petition of debtors for determination of the amount of existing lien and encumbrances as follows, to wit:

I.

Denies that the petitioners are the owners of the real property referred to in Paragraph I of said petition, or any part of said real property or of any interest therein, legal or equitable, and in this connection alleges that Citizens National Trust & Savings Bank of Los Angeles is the owner of all of said real property and owns the entire legal and equitable interest therein by virtue of the subdivision trust referred to in Paragraph II of said petition; and alleges that petitioners are entitled to and have only an interest in the proceeds of the sale or sales of said real property under the terms of said [24] subdivision trust.

II.

Alleges that the principal sum now remaining unpaid upon the promissory note referred to in Paragraphs I and III of said petition is the sum of \$23,921.52; and further alleges that interest has been paid on said promissory note to January 30, 1932, and that the sum of only \$363.85 has been paid since on said interest, which sum was paid on the 23d day of August, 1937, and that on

October 30, 1943, there will be due, owing, and unpaid thereon interest in the sum of \$35,210.87.

III.

Answering Paragraph IV of said petition, said Pacific States Corporation alleges that it is the owner of a beneficial interest in said promissory note and in said deed of trust and in the said Declaration of Trust referred to in Paragraphs II and IV of said petition. Further answering said Paragraph IV, and in particular subparagraph (e) 3 thereof, said Pacific States Corporation denies that the undisposed assets of Pan American Bank were appraised or valued at \$27,500.00 or any other sum, but in that connection that the Superintendent of Banks in his petition for authority to compromise had estimated them to be of a value of \$27,500.00. That said assets were then actually of a much greater value and that Pacific States Corporation at all times estimated them to be of a value greatly exceeding \$27,500.00. That Pacific States Corporation estimated the value of its claim to be the sum of \$1,094,000, but inasmuch as the assets referred to were all of the remaining assets and its recovery would be limited to the remaining assets of said Pan American Bank, said Pacific States Corporation agreed to a compromise of its said claim in exchange for a transfer of said assets, in order that it might endeavor to recover as much as possible in the collection of said assets. That a large portion [25] of its aforesaid claim of \$1,094,000 represented rental of certain real property for a period of time theretofore expired, and that the balance only of said claim was for damages covering a future period of time.

IV.

Denies the allegations of Paragraph V of said petition.

V.

Denies that the debt secured by the deed of trust and declaration of trust referred to in said petition has "outlawed," as alleged in Paragraph III of said petition, or that it was barred by any limitation of time or otherwise; and denies that Pacific States Corporation or that the legal holder of said lien or encumbrance in equity and/or in good conscience should be required to accept in full payment or discharge of said obligation a sum less than the balance of principal and interest due thereon in accordance with the terms of said note, said deed of trust, and said declaration of trust.

VI.

That the Court has no jurisdiction of the petitioner and of this proceeding because the petitioners, debtors, are not the owners of the real property referred to in said petition nor of any legal or equitable interest therein, and have not now and never had any right to redeem from said lien and encumbrance; and that said petition and said proceeding should be dismissed for lack of jurisdiction.

Wherefore, the said Pacific States Corporation prays that the Court dismiss said petition, and, if it be not dismissed, that the Court determine the amount of said lien and encumbrance to be the principal sum of \$23,921.22 plus interest unpaid on said promissory note, computed in accordance with the terms of said note.

RICHARD L. NORTH

Attorney for Pacific States Corporation [26]

[Verified.]

[Endorsed]: Filed Oct. 2, 1943. Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. [27]

[Title of District Court and Cause]

PETITION FOR ORDER TO APPLY MONEYS TO PAYMENT OF DEBT

Come now Pacific States Corporation, as Beneficiary, and Citizens National Trust and Savings Bank, as Trustee under its Trust No. 5873, and respectfully represent:

I.

That all of the real property listed in the Schedule of Assets by the debtors herein, is covered by and is the body of Trust No. 5873 in the Citizens National Trust and Savings Bank of Los Angeles, located at 457 S. Spring St., in the City of Los Angeles, State of California, which trust was created and entered into December 2, 1929.

II.

That five separate sales of portions of said property have been negotiated by the debtors and are now in escrow in said bank, and that the escrow numbers, purchase prices, the names of the purchasers and the property covered by and proposed to be sold [28] through each of said escrows are, respectively, as follows:

<u>Escrow No.</u>	<u>Purchase Price</u>	<u>Purchaser</u>	<u>Description of Property</u>
63258	\$28,150.00	Arnold Munz and Martha Munz Hus- band and Wife	All unsold portions of Sect. 12, Township 6 N. Range 14 W. S.B. M. lying South of the highway, comprising approx. 312 acres, to- gether with Lots 65 & 66 of Tr. 5148 as per Map recorded in Book 56, Page 78, Records

<u>Escrow No.</u>	<u>Purchase Price</u>	<u>Purchaser</u>	<u>Description of Property</u>
			of Los Angeles County. Lots 29 and 31 of Tr. 5148 Lots 36, 44, 47, 48, 49, 50, 67, 68, 69, 70, 71, 72 and 73 of Tract 5148
63257	12,675.00	William S. Swartz and Marjorie A. Swartz Husband & Wife	Sec. 1 and all of Sec. 12 North of center line of the Elizabeth Lake Road, all in Township 6 N. Range 14 W. S.B.M. Los Angeles County.
63256	4,500.00	Ritter Bros.	West half of the Northeast quarter of Sec. 11 Township 6 N. Range 14 W. S.B. M. Los Angeles County.
63255	2,200.00	Emil Herman and Louen Georgia Ritter	Lots 10 and 11 of Tract 5148
63254	6,000.00	Ritter Bros.	East half of the Northeast quarter of Sec. 11 Township 6 N. Range 14 W. S. B.M. Los Angeles County
Of which \$3500, more or less being balance due on Agreement of Sale plus int. and taxes will be re- ceived by Trust 5873. HSL			

Ritter Bros. are a co-partnership consisting of Charles F., Adolf E., Albert G., Emil H., and John G. Ritter.

III.

That the debt owing to petitioners amounts to the sum of approximately \$70,000.00, of which \$50,000.00 is admitted by the debtors; that the sum of \$6,515.92 has been advanced by said Trustee pursuant to the written request of the debtors and petitioners and that it is proper and equitable that all moneys up to the sum of [29] \$56,515.92 derived through any and all of said escrows shall be paid to said Citizens National Trust and Savings Bank, as Trustee, under its said Trust No. 5873, to be disbursed by said trustee in accordance with the terms and provisions of the said Trust.

Wherefore petitioners pray that an order be made by the Conciliation Commissioner requiring that, when available, all moneys derived from said proposed sales up to the sum of \$56,515.92 be immediately paid to petitioner Citizens National Trust and Savings Bank, as Trustee, under its Trust No. 5873, with authority in said bank to disburse the same in accordance with the terms and provisions of the said Trust.

Dated, July 20, 1943.

PACIFIC STATES CORPORATION

By A. Q. Robison

Secretary

CITIZENS NATIONAL TRUST AND
SAVINGS BANK, Trustee

By Frank A. Ford

Ass't Trust Officer [30]

[Verified.] [31]

[Affidavit of Service by Mail.]

[Endorsed]: Filed Jul. 26, 1943. Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. [32]

[Title of District Court and Cause]

ANSWER TO "PETITION FOR ORDER TO AP-
PLY MONEYS TO PAYMENT OF DEBT"

Now comes the debtors, and answering the petition of Pacific States Corporation and Citizens National Trust and Savings Bank, as Trustee, for an order to apply moneys to payment of debt, admit, deny and allege as follows:

Answering paragraph III of the petition, specifically deny that the debt owing to the said petitioners or either of them amounts to the sum of approximately \$70,000.00; allege that at no time subsequent to July 1, 1940, did the principal sum of the indebtedness exceed \$23,921.52; allege that the sum of \$23,921.52 is the maximum amount of the indebtedness of any principal sum due or owing to said petitioners; deny that debtors have at any time admitted an indebtedness of \$50,000.00; admit they authorized the Trustee to expend necessary funds for payment of taxes, but allege they do not know whether the amount so expended was or is \$6,515.92.

Wherefore, these answering debtors pray that the petition [33] be in all respect denied and dismissed.

C. P. VON HERZEN

GOUDGE, ROBINSON & HUGHES

By Edgar F. Hughes

DAVID A. SONDEL

Attorneys for Debtors [34]

[Verified.]

Received copy of the within, Richard L. North, this 12 day of August, 1943, Attorney for Claimant.

[Endorsed]: Filed Aug. 12, 1943.

[Endorsed]: Filed Jun. 7, 1946. [35]

[Title of District Court and Cause]

FINDINGS OF FACT AND CONCLUSIONS OF
LAW UPON "PETITION FOR DETERMINA-
TION OF AMOUNT OF EXISTING LIEN AND
ENCUMBRANCE," AND UPON "PETITION
FOR ORDER TO APPLY MONEYS TO PAY-
MENT OF DEBT"

The debtors Hall filed herein on July 19, 1943 their "Petition for Determination of Amount of Existing Lien and Encumbrance".

After due notice, hearing thereon was held before the Conciliation Commissioner-Referee on August 12th and 13th, October 4th, 5th, 14th, 22nd and 27th, 1943.

The debtors Hall appeared in person and by their counsel, C. P. Von Herzen, Esq., Edgar F. Hughes, Esq., and David A. Sondel, Esq.

The Pacific States Corporation appeared by its counsel, Richard L. North, Esq., and Elbert W. Davis, Esq.

The Pacific States Corporation, during the pendency of the hearing, to wit, on October 2, 1943, filed a written answer to the petition, *supra*, reserving the right to object to the jurisdiction of the Court over these proceedings to determine the amount of existing lien and encumbrance. On October 4, 1943, during the proceedings, Pacific States Corporation orally moved to dismiss the petition, and [36] objected to the jurisdiction of the Court. The motion to dismiss was denied and the objection overruled.

On July 20, 1943, Citizens National Trust and Savings Bank of Los Angeles, joined by Pacific States Corpora-

tion, and with the approval of the latter, filed a claim herein the total sum of \$70,769.69, at the request of Richard L. North, Esq., acting as attorney for said Bank and Corporation. The said claim was withdrawn on October 5, 1943, to which C. P. Von Herzen, Esq., on behalf of the debtors, objected, which objection was overruled.

On July 20, 1943, Pacific States Corporation, as beneficiary, and Citizens National Trust and Savings Bank of Los Angeles, as Trustee under Trust No. 5873, through Richard L. North, Esq., acting as their attorney, filed a "Petition for Order to Apply Moneys to Payment of Debt," to which petition an answer was filed by the debtors through C. P. Von Herzen, Esq., Goudge, Robinson & Hughes, by Edgar F. Hughes, Esq., and David A. Sondel, Esq., as their attorneys. The petition last mentioned has not been withdrawn, and the debt referred to therein is the debt which is secured by the lien and encumbrance, the amount of which the debtors Hall are seeking to have determined in these proceedings.

Evidence, both oral and documentary, was introduced, and in addition to opening statements of counsel, the cause was argued at length after the conclusion of the testimony and the matter then submitted for the Court's decision, and the Court having duly considered the evidence and the arguments and having thereupon made and filed herein a minute order of its decision, and having therein directed that findings and an order be prepared by the counsel for the debtors, and the same having been so prepared, the Court now makes the following findings:

I.

The debtors are the owners, subject to the lien of the deed of trust (of which Title Insurance and Trust Company is the [37] Trustee), hereinafter referred to, and to the lien of the Declaration of Trust, No. 5873, (of which Citizens National Trust and Savings Bank of Los Angeles is Trustee), also hereinafter referred to, of all that certain real property described in the schedules attached to the original petition for adjudication filed by the debtors herein, and shown on Schedule B, page 7, as "Ranch at Leona Valley, near Palmdale," the legal description being attached to said schedule in a photostatic copy.

II.

On July 30, 1927, Farm Home Builders Incorporation, a corporation, made, executed and delivered to Pan-American Bank of California, a promissory note in the principal sum of \$45,000.00, dated at Los Angeles, California, July 30, 1927, payable on or before five years after its date and bearing interest at the rate of 7% per annum, payable quarterly in advance, the payment of said promissory note being guaranteed by the debtors individually, and said promissory note reading as follows:

"\$45,000.00 Los Angeles, California, July 30th, 1927

On or before Five (5) Years after date, for value received, I, we, or either of us promise to pay to Pan American Bank of California, a corporation, or order, at Pan American Bank of California, Los Angeles, Calif., the sum of Forty Five Thousand and No/100 (\$45,000.00) Dollars, with interest from date until paid, at the rate of seven (7%) per cent per annum, payable quarterly, in advance.

Should interest not be so paid, it shall become part of the principal and thereafter bear like interest. Should default be made in payment of interest when due, the whole sum of principal and interest shall, at the option of the holder of this note, become immediately due. Principal and interest payable in United States gold coin. This note is secured by a Deed of Trust to Title Insurance [38] and Trust Company, a corporation, of Los Angeles, California.

226 So. Lafayette Park
Place FI 3701

FARM HOME BUILDERS, INCORPORATED

By F. D. Hall, President

By Erwin S. Hall, Secretary”

On the same date, viz., July 30, 1927, the said Farm Home Builders Incorporated, as Trustor, for the purpose of securing the payment of said promissory note, made, executed and delivered a deed of trust in which Title Insurance and Trust Company is named as Trustee, and Pan-American Bank of California is named as beneficiary, and which covered the said “Ranch at Leona Valley near Palmdale” before portions of its were sold and released from the lien of the said deed of trust, as hereinafter mentioned. Said deed of trust was recorded August 20, 1927, in Book 7684, page 131 of Official Records of Los Angeles County.

Concurrently with the giving of the said deed of trust, a declaration of trust, for the purpose of enabling the debtors to pay their indebtedness, was entered into, which covered the said ranch property, and which provided for the management of said ranch property and for the sale

and release of portions of the land and for the application of the proceeds of sale to the payment of selling commissions, taxes, trustee's fees and expenses, and to the payment and satisfaction of the said promissory note, and in which declaration of trust the said Pan-American Bank of California was named to act as Trustee. On December 2, 1929, the Superintendent of Banks of the State of California, having in the meantime closed the said Pan-American Bank of California, and taken charge of its assets and affairs for the purposes of liquidation, as provided in the Bank Act of California, and the said bank being thereby disqualified from continuing to act as trustee, a substituted declaration of trust was entered into by the concurrence of all of the parties to the prior declaration of trust, and with the written consent and approval of the Special Deputy Super- [39] intendent of Banks of the State of California in charge of liquidation of said Pan-American Bank of California, and with the intent and purpose of carrying out the plan of the original declaration of trust in furnishing a means whereby the unpaid balance of the \$45,000.00 promissory note could be satisfied and paid through the sale of portions of the ranch property, and whereby the selling commissions provided in the declaration of trust could be paid from the proceeds of sale, as well as expenses, trustee's fees and taxes, and whereby upon the full payment of the said promissory note and other obligations of the trustor under the deed of trust and said declaration of trust No. 5873 or upon the termination of the declaration of trust the trustee was empowered to convey the trust estate to the parties in interest under the substituted declaration of trust. Said substituted declaration

of trust is numbered 5873, of Citizens National Trust and Savings Bank of Los Angeles, is dated December 2, 1929, and is made between said Citizens National Trust and Savings Bank of Los Angeles designated as "Trustee"; Farm Home Builders Incorporated, a corporation, designated as "Trustor", and/or "Beneficiary"; Pan-American Bank of California, designated as "First Payee", and Phillips & Hambaugh Realty & Construction Company, a corporation, designated as "Second Payee".

III.

The corporation known as Farm Home Builders Incorporated, was created and organized by the debtors herein, and Frank D. Hall, one of the debtors, was at all times its President and General Manager, and Marguerite S. Hall, his wife, the other debtor herein, its Vice-President. The said corporation was wholly owned and controlled by the debtors. The debtors conveyed to the said corporation the title to the ranch property prior to the execution of the said note, deed of trust and original declaration of trust, and the debtors, as already stated, individually guaranteed the payment of the said promissory note. The debtors received no cash, shares of stock or [40] other consideration from the said corporation for the conveyance of the title of the ranch property to the said corporation. On December 12, 1932, the said corporation by an instrument in writing transferred and assigned to the debtors all its interest as trustor and beneficiary in said declaration of trust No. 5873, which assignment was approved in writing by the Special Deputy Superintendent of Banks of the State of California, in charge of the liquidation of said Pan American Bank of California.

The debtor, Frank D. Hall, has, at all times since the execution of the said note and deed of trust, acted, and is now acting, as the Manager of the ranch property as owner thereof, and this Court has heretofore determined that the said Farm Home Builders, Incorporated, is the alter ego of Frank D. Hall and Marguerite S. Hall. The debtors maintained their family homestead at all of said times until the year 1941, on said ranch property, and the debtors have, at all of said times, been in possession of, and are now in possession of, the said ranch property not sold or conveyed.

IV.

At all times between the execution of the said promissory note and November 2, 1939, the said note was owned by Pan-American Bank of California. At all times between the date when the Superintendent of Banks of the State of California took charge of the assets of said bank in order to liquidate the same, and November 2, 1939, the said note and the debt is represented, and the security for same, were subject to the control and jurisdiction of the Special Deputy Superintendent of Banks of the State of California, in charge of liquidation of said Pan-American Bank of California, in accordance with the provisions of the said Bank Act of the State of California.

On November 2, 1939, the Special Deputy Superintendent of Banks of the State of California in charge of the liquidation of said Pan-American Bank of California, transferred and assigned in writing to Pacific States Corporation, the said note and the "First [41] Payees" interest in the said declaration of trust No. 5873, and the said Pacific States Corporation thereupon became, and

ever since has been, and is now, the owner of said note and of said "First Payees" interest in and under the said declaration of trust.

V.

Citizens National Trust and Savings Bank of Los Angeles has acted in its capacity of trustee under the terms of its said declaration of trust No. 5873 since the trust's inception in December, 1929, and up to the present time. It has from time to time entered into contracts of sale as parcels were sold, has collected the installments of the purchase prices as paid, and has executed conveyances as the purchase prices were paid in full; it has applied collections in payments of agents' and beneficiaries' commissions and operating expenses and in payment of principal, and up to January 30, 1932, of interest, on the promissory note obligation, and in the payment of trustee's fees, title and other charges, and has in general performed its duties under the said trust since it accepted the responsibility of trustee.

During the years 1933 and 1934 it prepared and rendered semi-annual accounts, and in the years 1935, 1936, 1937, 1938, 1939 and 1940, annual accounts of its collections, disbursements and distributions for the respective periods covered by the accounts, each of said accounts set forth a statement of the unpaid balance of the promissory note obligation at the beginning and ending of the accounting period. For the years 1933, 1934, 1935, 1936, 1937 and 1938, the said accounts were furnished to and received by the owner and holder of said promissory note, the Special Deputy Superintendent of Banks of the State of California in charge of liquidation of said Pan-American Bank of California and were at the same time

furnished to and received by the debtor, Frank D. Hall. Said accounts were accepted and acted upon by the said debtor and by the said liquidator as true and correct statements of account, both with respect to [42] mathematical accuracy and with respect to the proper method and mode of computing all sums due thereunder. For the years 1939 and 1940, the said accounts were furnished to and received by Pacific States Corporation and by the debtor, Frank D. Hall, and were accepted by them as true and correct statements of account.

None of the said accounts, except the one for 1940, showed the application of any sum to the payment of interest on the said obligation. The acceptance of said accounts constituted an intention on the part of the liquidator of said Pan-American Bank of California to waive interest, and said interest was actually waived by the owner and holder of said promissory note acting in conjunction with the obligors thereunder. The Citizens National Trust and Savings Bank of Los Angeles, as trustee of Trust No. 5873, and the said liquidator of Pan-American Bank of California, would, at all times during which said liquidator was the owner and holder of said promissory note, have accepted payment of the balance shown in the current account in full satisfaction of the said note, and which facts were known to the Pacific States Corporation at the time of the transfer of the note from the said liquidator to said creditor.

All interest which fell due on the said note was paid until January 30, 1932, the interest for the quarter ending on said date being paid on March 29, 1932. After the last mentioned date, no payments were applied by the

trustee to interest, except as shown in the 1940 account, where an application is made by the trustee of one-half of \$727.70 to principal, and the other one-half to interest, said sum of \$727.70 having been paid by the debtor, Frank D. Hall, to the said liquidator of Pan-American Bank of California, on August 23, 1927, and not having been previously shown on any accounts of the trustee.

The said note by its terms fell due on July 30, 1932, and the same was not renewed, extended or revived.

The statutory period for the commencement of an action at law [43] to collect the said promissory note expired July 30, 1936, and at the time the said application was made in the year 1940, of \$363.85, towards the payment of interest, the said note was long past due and the obligation outlawed.

At no time prior to 1942 was any statement prepared or furnished where interest was added to principal to establish a new principal for the calculation of subsequent future interest. In the year 1942, the Citizens National Trust and Savings Bank of Los Angeles, as trustee, at the instigation and by the direction of Pacific States Corporation, prepared a statement in which an attempt was made to re-compute the unpaid obligation represented by the said promissory note and wherein estimated interest was added to principal each quarter from the date of the note to indicate a new principal for the computation of the next quarter's interest, and thereby in effect to compound interest from the date of the note until the date of the statement. The debtors upon receipt of the said recomputation promptly rejected it and challenged the right of the trustee and of Pacific States Corporation to re-compute the obligation.

VI.

In accordance with the accounts prepared and furnished by the Citizens National Trust and Savings Bank of Los Angeles as Trustee under Trust No. 5873, and accepted as correct by the parties in interest at all times prior to the time that Pacific States Corporation acquired the said obligation, and also accepted by the latter corporation as to the accounts, as prepared and furnished in 1939 and 1940, the unpaid balances of the obligation at the respective dates hereinafter mentioned, were as follows:

On 1-30-32 (the date to which interest was last paid)	\$35,600.96
On 4-30-32	34,977.60
On 7-30-32 (the date the note fell due)	34,075.29
On 7-30-36 (the date the note outlawed)	29,355.95
On 12-31-40 (the date of the last unchallenged account)	23,921.52 [44]

VI.

It is true that prior to and during the pendency of these proceedings, sales of certain portions of the debtor's property were arranged, and that permission having been given by the Court to conclude said sales, a sum aggregating \$49,878.38, has been received by the trustee and is being held by the said trustee, subject to the order of this Court.

VIII.

The Court makes no findings as to the allegations of paragraphs IV and V of the debtor's petition for determination of amount of existing lien and encumbrance, or as to the allegations of paragraph III of the answer of Pacific States Corporation, or as to the allegation of paragraph VII of the debtor's position to the effect that the Pacific States Corporation should be required to accept in full payment a sum not greater than the appraised value of the assets accepted by the Pacific States Corporation in the compromise hereinafter referred to, less the proceeds received by Pacific States Corporation from other assets transferred to it in the compromise.

In support of the debtor's allegations, upon which no finding is made, as just stated, the debtor offered certain portions of the transcript in case No. 457,525 of the Superior Court of Los Angeles County, between the debtors, as plaintiffs and Citizens National Trust and Savings Bank of Los Angeles, Pacific States Corporation and Title Insurance and Trust Company, as defendants, which Superior Court action had reference to the note, deed of trust, and declaration of trust now under consideration by the Conciliator-Referee. In that connection where rulings were reserved, the following rulings have been made, viz.:

(a) Debtors 2-5 offered and marked for identification appearing on pages 91-99 of the Reporter's Transcript in said case No. 457,525 of the Superior Court of Los Angeles County, and being a petition of the Superintendent of [45] Banks to compromise, to the introduction of which the Pacific States Corporation objected. Objection sustained.

(b) Debtors 2-6 likewise offered and marked for identification, and appearing on page 110 of the said Reporter's Transcript, and being an order of the Superior Court of Los Angeles County, in connection with the compromise just referred to. Objection of Pacific States Corporation to the introduction of same in evidence sustained.

(c) Debtor's 2-9 likewise offered and marked for identification and appearing on pages 276 and 277 of the said Reporter's Transcript and containing testimony of A. Q. Robison given in the said Superior Court action. Motion of Pacific States Corporation to strike said testimony granted.

IX.

The allegations of paragraph I of the answer of Pacific States Corporation are untrue. All other allegations of the said answer which are contrary to these findings are likewise untrue.

X.

That the allegations of paragraph III of the creditors, Pacific States Corporation, "Petition for Order to Apply Moneys to Payment of Debt", are untrue, except that the sum of \$6,512.92 has been advanced by Citizens National Trust and Savings Bank, as is hereinafter found.

XI.

The only liens which have been asserted in this Court against said ranch property are those based upon the said deed of trust and upon declaration of trust No. 5873.

In November 1942, Citizens National Trust and Savings Bank of Los Angeles, at the request of Pacific States Corporation and of the debtors and upon the understanding that the said bank should have a [46] first lien on the trust estate for the outlay, advanced the necessary money to redeem the Hall ranch from tax sales without penalties or interest, and to pay the attorneys' fees and other expenses in connection with an action in the Superior Court of Los Angeles County to effect such redemption and said bank at the same time, and upon a like understanding as to lien rights, advanced additional money to pay the 1942-43 taxes on the lands redeemed, such advances were made upon the further understanding that the bank should receive interest at 6% per annum thereon instead of 7% as provided in the declaration of trust No. 5873.

Upon making said advances and after deducting the amount of cash which it had on hand in said trust, a balance of \$6,515.92 remained to be paid to the said bank in connection with the advances upon which sum the Laughlin from December 3rd, 1942 bank is entitled to receive interest at 6% per annum \wedge unpaid repaid.

The said bank is further entitled to receive reasonable fees for acting as trustee under said Trust No. 5873 for the period from January 1, 1940 to December 31, 1942, which sum the Court fixes at \$759.70, and the

payment of said sum is secured by the lien of declaration of trust No. 5873, and pursuant to its provisions said bank as trustee is entitled to receive such further sums for acting as trustee subsequent to December 31, 1942, as this Court may adjudge to be reasonable, and which additional sum is likewise secured by the lien of said declaration of trust.

The attorneys for the said bank, Messrs. Cosgrove & O'Neil, are entitled to reasonable fees to be paid by the said bank from the trust estate, for services necessarily performed by the said attorneys at the behest of the bank in preserving and administering the trust estate. Such attorneys' services the Court finds are reasonably of the value of \$300.00 and this sum is likewise a lien upon the trust estate and secured by the terms of the said declaration of trust. [47]

Any and all interest of Phillips and Hambaugh Realty and Construction Corporation, as "Second Payee" under said declaration of trust, has been discharged. [48].

And as Conclusions of Law From the Foregoing Findings of Fact, the Court Concludes:

I.

The Court interprets the said promissory note to require the compounding of interest at the rate of 7% per annum, payable quarterly, until the maturity, and not beyond the maturity, of the said note, and to require the payment of simple interest at the rate of seven per cent

per annum for four years from the maturity date on the note, on the unpaid balance of the note on the maturity date with proper reductions of interest, on account of principal paid during the same period, the purport being that where principal is paid during the period, interest on such principal shall be computed to the date of payment only.

II.

Interest to be computed as provided in Conclusion I was not waived and Pacific States Corporation is not estopped to claim interest so computed, but, if said interest has been waived, and if said Pacific States Corporation is estopped, that equity requires the payment of interest as is set forth in paragraph I hereof.

Interest beyond four years from the maturity date of the note, even if it were otherwise allowable with which contention the Court disagrees, was waived by the Special Deputy Superintendent of Banks of the State of California in charge of the liquidation of Pan-American Bank of California, and likewise by Citizens National Trust and Savings Bank of Los Angeles, as trustee of said Trust No. 5873, and also by Pacific States Corporation.

III.

The said promissory note is a negotiable instrument. The same having been acquired by Pacific States Corporation after its maturity is subject to all defenses, de-

fects, agreements and understandings, which could have been pleaded and asserted against the [49] Pan-American Bank of California and against Citizens National Trust and Savings Bank of Los Angeles in its capacity of trustee. Said Pacific States Corporation not being a holder in due course is charged with knowledge of all such defenses and other matters affecting the right of the holder to collect the note which occurred before Pacific States Corporation became its owner.

IV.

By their conduct Citizens National Trust and Savings Bank of Los Angeles, as trustee of Trust No. 5873, and the liquidator of Pan-American Bank of California, were and are estopped to claim that interest should be allowed beyond a period terminating four years from the maturity of the note, and this estoppel applies to Pacific States Corporation, the successor in interest of Pan-American Bank of California, in liquidation.

V.

Since the debtors are in effect asking this Court to determine the amount of the lien on their property in order that they may redeem their property from such lien, it follows, in accordance with the equitable doctrines applicable thereto, that the debtors must do equity, even though the obligation to pay the note in question is barred by the Statute of Limitations, and it is the conclusion of this Court that the obligation to pay the note is barred.

To do equity in this case, it is the determination of this Court, that the debtors should pay, and the Pacific States Corporation receive, in addition to the unpaid principal of the promissory note, interest at the rate and for the period as provided in Conclusion I. Further, it is the conclusion of this Court that it would be inequitable under the circumstances of this case for the debtors to be compelled to pay interest on the unpaid balance of the note beyond four years from the maturity of the note. In addition, there should be paid all other sums, the payment of which this Court has found to be secured by the lien of the deed of trust and/or by the lien of the said declaration of trust. [50]

VI.

It is the conclusion of this Court that the consideration given or paid by the Pacific States Corporation for the note and for First Payees' interest under the declaration of trust is immaterial, and because of such conclusion, this Court ruled out all evidence on that subject.

VII.

Upon payment to Citizens Trust and Savings Bank of Los Angeles, as trustee under Trust No. 5873 of principal and interest as herein specified, and of \$6515.92 with interest at 6% from December 3, 1942, to reimburse said bank for moneys advanced to pay taxes, and upon payment of its fees as trustee, and of its attorneys' fees, hereinbefore mentioned, and any other fees and expenses which this Court may allow upon presentation

of claims therefore, it is this Court's conclusion that the said note should be cancelled and surrendered to this Court and that full reconveyances should be executed and delivered to this Court sufficient to clear the title of the trust estate from any lien or estate by reason of the previous existence of the trust deed and declaration of trust.

To effect the payment of the said obligations and the removal of the said liens recourse should be had to the cash funds on hand in the possession of Citizens National Trust and Savings Bank of Los Angeles, derived from the sales approved by this Court referred to in the Findings of Fact and also to funds, if any, otherwise derived by the trustee from the trust estate and in its possession.

An order should be made directing the immediate payment of said obligations from said funds and the cancellation and release of the said liens.

August

Dated: ~~June~~ 1st, 1944.

H. SIDNEY LAUGHLIN

Conciliation Commissioner of Los Angeles
County [51]

[Affidavit of Service by Mail.]

[Endorsed]: Filed Jun. 22, 1944. Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. [52]

[Title of District Court and Cause]

ORDER UPON "PETITION FOR DETERMINATION OF AMOUNT OF EXISTING LIEN AND ENCUMBRANCE" AND UPON "PETITION FOR ORDER TO APPLY MONEYS TO PAYMENT OF DEBT"

Findings of Fact and Conclusions of Law having been made and filed herein relative to the petition of debtors Hall for the determination of the amount of existing lien and encumbrance upon their property, and the Court having in its findings called attention to certain errors of its minute order of date March 21, 1944, in the basic amounts of principal upon which the Court intended to allow interest,

Now, Therefore, pursuant to the Court's decision as embodied in its Findings of Fact and Conclusions of Law, It Is Ordered, Adjudged and Decreed that the debts and obligations, which are the basis for the existing liens, represented by the Deed of Trust in which Title Insurance and Trust Company is trustee, and the Declaration of Trust No. 5873 of which Citizens National Trust and Savings Bank of Los Angeles is trustee, and which are both fully described and identified in the said petition and findings, are as follows:

Present balance of unpaid principal on promissory

note of date 7-30-27

\$23,921.52

[53]

Attorneys' fees of Messrs. Cosgrove & O'Neil for services rendered Citizens National Trust and Savings Bank of Los Angeles in con- nection with Trust No. 5873, payable to said bank for the said attorneys	300.00
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Total Present Amount of Liens and Encum- brances	\$42,045.83
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[54]

It is Further Ordered, Adjudged and Decreed, that the said obligations be forthwith paid, satisfied and discharged and/or reimbursed by Citizens National Trust and Savings Bank of Los Angeles, trustee under Trust No. 5873, from the balance in its possession, approximating \$50,000.00, of the proceeds of sales of land approved by this Court, and that there be likewise paid any additional trustee's fees and expenses which this Court may approve and for which application may be made to this Court, and that the said trustee forthwith account for and pay over to this Court all remaining moneys in its hands.

It Is Further Ordered, Adjudged and Decreed that the said promissory note be forthwith cancelled and delivered to this Court and that the said trust deed and declaration of trust be likewise forthwith cancelled and that the trustees thereunder execute and deliver to this Court full reconveyances in favor of the debtors of all the remaining right, title and interest of the respective

trustees in the Trust Estate, and that the trustee under Trust No. 5873 execute such assignments as may be necessary to convey title to the debtors of all the outstanding contracts of sale and of all other trust assets of said trust still remaining in its possession and deliver the contracts, and other trust assets with the assignments thereof, to this Court.

It Is Further Ordered, Adjudged and Decreed that this Court retain jurisdiction of these proceedings and consummate all of the terms and conditions of this judgment, and for such other purpose as may be necessary for the complete administration and disposition of the bankruptcy estate.

August

Dated: ~~June~~ 1st, 1944.

H. SIDNEY LAUGHLIN

Conciliator-Referee

Conciliation Commissioner [55]

[Affidavit of Service by Mail.]

[Endorsed]: Filed Jun. 22, 1944. Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. [56]

[Title of District Court and Cause]

PETITION FOR REVIEW OF ORDER OF CONCILIATION COMMISSIONER DATED AUGUST 1, 1944

To the Honorable H. Sidney Laughlin, Conciliation Commissioner for the Above-Entitled Debtor Estate:

The verified petition of Pacific States Corporation respectfully represents to the Court herein as follows:

I.

That heretofore and on or about the 9th day of December, 1942, the above-named purported debtors filed an original petition for relief under the provisions of Section 75 of the Bankruptcy Act. That said matter was thereafter duly and regularly referred to the Court herein.

II.

That thereafter proceedings were instituted by the said debtors to have the amount due or payable upon the encumbrance held by the Pacific States Corporation fixed and determined. That said matter came regularly on for hearing before this Court and evidence was introduced, both oral and documentary, and said matter was thereafter taken under submission by the Conciliation Commissioner herein, and there- [59] after and on or about the 1st day of August, 1944, the said Conciliation Commissioner made and entered his findings of fact, conclusions of law, and his order upon said petition; a copy thereof is attached hereto, marked "Exhibit A", and made a part hereof.

III.

That your petitioner is aggrieved by the findings, conclusions and order herein made and alleges that the same are erroneous in fact and in law, and that said order as based upon said findings and conclusions, should be reversed. That said findings, conclusions and order are erroneous in the following particulars, to wit:

(1) That the Conciliation Commissioner erred in overruling the objection to the jurisdiction of this Court to hear and determine said matter, as well as the objection to the jurisdiction of the Court over the entire proceedings, and in denying the motion to dismiss the said petition.

(2) That the Conciliation Commissioner erred with respect to his first finding, being numbered "I", that the debtors are the owners "of all that certain real property described in the schedules . . . and shown on Schedule B, page 7, as 'Ranch at Leona Valley, near Palmdale'."

(3) That the Conciliation Commissioner erred with respect to his second finding, being numbered "II", that "concurrently with the giving of the said deed of trust, a declaration of trust, for the purpose of enabling the debtors to pay their indebtedness, was entered into, which covered the said ranch property."

(4) That the Conciliation Commissioner erred with respect to his third finding, being numbered "III", that "the debtors received no cash, shares of stock or other consideration from the said corporation for the conveyance of the title of the ranch property to the said corporation", and in also finding that "the debtor, Frank D. Hall, has, at all times since the execution of the said

note and deed of trust, acted, and is now acting, as the Manager of the ranch property [60] as owner thereof", and also that "the said Farm Home Builders, Incorporated, is the alter ego of Frank D. Hall and Marguerite S. Hall", and that "the debtors maintained their family homestead at all of said times until the year 1941, on said ranch property, and the debtors have at all of said times, been in possession of, and are now in possession of, the said ranch property not sold or conveyed."

(5) That the Conciliation Commissioner erred with respect to his fifth finding, being numbered "V", that the trustee, acting under Declaration of Trust No. 5873, rendered statements "for the years 1933, 1934, 1935, 1936, 1937 and 1938" and purportedly "set forth a statement of the unpaid balance of the promissory note obligation at the beginning and ending of the accounting period", and also erred in finding that "said accounts were accepted and acted upon by the said debtor and by the said liquidator as true and correct statements of account", and further and particularly erred in finding that "for the years 1939 and 1940, the said accounts were furnished to and received by Pacific States Corporation and by the debtor, Frank D. Hall, and were accepted by them as true and correct statements of account"; and further erred in finding that "the acceptance of said accounts constituted an intention on the part of the liquidator of said Pan-American Bank of California to waive interest, and said interest was actually waived by the owner and holder of said promissory note acting in conjunction with the obligors thereunder."; and in finding that the "Citizens National Trust and Savings Bank of Los Angeles, as

trustee of Trust No. 5873, and the said liquidator of Pan-American Bank of California, would, at all times during which said liquidator was the owner and holder of said promissory note, have accepted payment of the balance shown in the current account in full satisfaction of the said note, and which facts were known to the Pacific States Corporation at the time of the transfer of the note from the said liquidator to the said creditor.”; and in further finding that “said sum of \$727.70 having been paid by debtor, Frank D. Hall, to the said [61] liquidator of Pan-American Bank of California, on August 23, 1927, and not having been previously shown on any accounts of the trustee.”; also in finding that “the statutory period for the commencement of an action at law to correct the said promissory note expired July 30, 1936, and at the time the said application was made in the year 1940, of \$363.85, towards the payment of interest, the said note was long past due and the obligation outlawed.”; and further erred in finding that “at no time prior to 1942 was any statement prepared or furnished where interest was added to principal to establish a new principal for the calculation of subsequent future interest.”; and further erred in finding that “the debtors upon receipt of the said re-computation promptly rejected it and challenged the right of the trustee and of Pacific States Corporation to re-compute the obligation.”

(6) That the Conciliation Commissioner erred with respect to his sixth finding, being numbered “VI”, that “in accordance with the accounts prepared . . . and accepted as correct by the parties in interest at all times prior to the time that Pacific States Corporation acquired

the said obligation, and also accepted by the latter corporation as to the accounts, as prepared and furnished in 1939 and 1940, the unpaid balance of the obligation at the respective dates hereinafter mentioned, were as follows:

On 1-30-32 (the date to which interest was last paid)	\$35,600.96
On 4-30-32	34,977.60
On 7-30-32 (the date the note fell due)	34,075.29
On 7-30-36 (the date the note outlawed)	29,355.95
On 12-31-40 (the date of the last unchallenged account)	23,921.52"

That said above finding is clearly erroneous in that the true and correct unpaid balance of the obligation at the respective dates hereinabove mentioned were as follows:

On 1-30-32	\$36,254.78	
Plus advance interest	634.45	\$36,889.23
	<hr/>	[62]
On 4-30-32	\$35,597.22	
Plus advance interest	622.94	\$36,220.16
	<hr/>	
On 7-30-32	35,312.52	
Plus advance interest	617.97	\$35,930.49
	<hr/>	
On 7-30-36	42,985.60	
Plus advance interest	752.24	\$43,737.84
	<hr/>	
On 12-31-40		\$48,854.02

(7) That the Conciliation Commissioner erred with respect to his ninth finding, being numbered "IX", that "the allegations of paragraph I of the answer of Pacific States Corporation are untrue. All other allegations of the said answer which are contrary to these findings are likewise untrue."

(8) That the Conciliation Commissioner erred with respect to his tenth finding, being numbered "X", that "the allegations of paragraph III of the creditors, Pacific States Corporation, 'Petition for Order to Apply Moneys to Payment of Debt', are untrue."

(9) That the Conciliation Commissioner erred with respect to his first conclusion of law, being numbered "I", that "the Court interprets the said promissory note to require the compounding of interest at the rate of 7% per annum, payable quarterly, until the maturity, and not beyond the maturity, of the said note, and to require the payment of simple interest at the rate of seven per cent per annum for four years from the maturity date on the note, on the unpaid balance of the note on the maturity date with proper reductions of interest, on account of principal paid during the same period, the purport being that where principal is paid during the period, interest on such principal shall be computed to the date of payment only."

(10) That the Conciliation Commissioner erred with respect to his second conclusion of law, being numbered "II", that "interest to be computed as provided in Conclusion I", and also that "interest beyond four years from the maturity date of the note, even if it were otherwise allowable with which contention the Court

disagrees, was waived by the Special Deputy Superintendent of Banks of the State of [63] California in charge of the liquidation of Pan-American Bank of California, and likewise by Citizens National Trust and Savings Bank of Los Angeles, as trustee under said Trust No. 5873, and also by Pacific States Corporation."

(11) That the Conciliation Commissioner erred with respect to his third conclusion of law, being numbered "III", wherein it is stated that the Pacific States Corporation acquired said promissory note after its maturity and accordingly "is subject to all defenses, defects, agreements and understandings which could have been pleaded and asserted against the Pan-American Bank of California and against Citizens National Trust and Savings Bank of Los Angeles in its capacity of trustee. Said Pacific States Corporation not being a holder in due course is charged with knowledge of all such defenses and other matters affecting the right of the holder to collect the note which occurred before Pacific States Corporation became its owner."

(12) That the Conciliation Commissioner erred with respect to his fourth conclusion of law, being numbered "IV", that "by their conduct Citizens National Trust and Savings Bank of Los Angeles, as trustee of Trust No. 5873, and the liquidator of Pan-American Bank of California, were and are estopped to claim that interest should be allowed beyond a period terminating four years from the maturity of the note, and this estoppel applies to Pacific States Corporation, the successor in interest of Pan-American Bank of California, in liquidation."

(13) That the Conciliation Commissioner erred with respect to his fifth conclusion of law, being numbered "V", wherein he recites "even though the obligations to

pay the note in question is barred by the Statute of Limitations, and it is the conclusion of this Court that the obligation to pay the note is barred.”; and wherein he further recites that the debtors should pay “interest at the rate and for the period as provided in Conclusion I. Further, it is the conclusion of this Court that it would be inequitable under the circum- [64] stances of this case for the debtors to be compelled to pay interest on the unpaid balance of the note beyond four years from the maturity of the note.”

(14) That the Conciliation Commissioner erred with respect to his seventh conclusion of law, being numbered “VII”, wherein he recites that “it is this Court’s conclusion that the said note should be cancelled and surrendered to this Court and that full reconveyances should be executed and delivered to this Court sufficient to clear the title of the trust estate from any lien or estate by reason of the previous existence of the trust deed and declaration of trust.”

(15) That the Conciliation Commissioner erred with respect to his Order adjudging and decreeing that “the debts and obligations, which are the basis for the existing liens, represented by the Deed of Trust in which Title Insurance and Trust Company is Trustee, and the Declaration of Trust No. 5873 of which Citizens National Trust and Savings Bank of Los Angeles is Trustee, and which are both fully described and identified in the said petition and findings, are as follows:

Present balance of unpaid principal on promissory note of date 7-30-27	\$23,921.52
Interest earned on the said note between 1-30-32 and the maturity date of note on 7-30-32	\$1,235.98

Less sum applied by Citizens National Trust and Savings Bank of Los Angeles on interest on 6-29-40	363.85	872.13
Total interest earned in the four years from maturity date of note on 7-30-32		9,040.58
Total unpaid principal and allowable interest on promissory note obligation, payable to Pacific States Corporation		\$33,834.23"

(16) That the Conciliation Commissioner erred with respect to his further order adjudging and decreeing "that the said obligations be forthwith paid, satisfied and discharged." [65]

(17) That the Conciliation Commissioner erred with respect to his further order adjudging and decreeing "that the said promissory note be forthwith cancelled and delivered to this Court and that the said trust deed and declaration of trust be likewise forthwith cancelled and that the trustees thereunder execute and deliver to this Court full reconveyances in favor of the debtors of all the remaining right, title and interest of the respective trustees in the Trust Estate, and that the trustee under Trust No. 5873 execute such assignments as may be necessary to convey title to the debtors of all the outstanding contracts of sale and of all other trust assets of said trust still remaining in its possession and deliver the contracts, and other trust assets with the assignments thereof, to this Court."

Wherefore, your petitioner prays that said findings, conclusions and order be reviewed by a judge of this Court in accordance with the provisions of the Act of

Congress relating to bankruptcy, and that said order be reversed, and that the Court order and direct that the proceedings herein filed by the debtors under the provisions of Section 75 of the Bankruptcy Act be dismissed for lack of jurisdiction, and that the Court also find, order, adjudge and decree that the amount due to the petitioner herein is a sum equal to the amount of the principal, less payments made, together with interest thereon at the rate of 7% per annum, compounded quarterly as provided in the note secured by the said deed of trust.

PACIFIC STATES CORPORATION

By A. Q. Robison

Secretary-Treasurer

GEORGE T. GOGGIN

Attorney for Petitioner [66]

Note: Findings of Fact and Conclusions of Law Upon "Petition for Determination of Amount of Existing Lien and Encumbrance" and Order Upon "Petition for Determination of Amount of Existing Lien and Encumbrance" and Upon "Petition for Order to Apply Moneys to Payment of Debt," attached at this point are the same as those appearing at page 20 and 39, respectively, of the Transcript of Record so are not repeated at this point. [67]

[Verified.]

[Endorsed]: Filed Sep. 29, 1944. Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. [68]

[Title of District Court and Cause]

PETITION OF DEBTORS FOR REVIEW OF OR-
DER OF CONCILIATION COMMISSIONER
DATED AUGUST 1, 1944

To the Honorable H. Sidney Laughlin, Conciliation Com-
missioner in the above entitled matter.

Come now the debtors, Frank D. Hall and Marguerite S. Hall, and by leave of Court first had and obtained, respectfully file this petition for review, and as grounds for review represent as follows:

I.

That heretofore and on or about July 19, 1943 the Debtors filed herein their "Petition for Determination of Existing Lien and Encumbrance", and that on July 20, 1943 Pacific States Corporation, as beneficiary, and Citizens National Trust and Savings Bank of Los Angeles, as trustee under Trust No. 5873 [69] filed a "Petition for Order to Apply Moneys to Payment of Debt"; that both said petitions being related to the same subject matter, came on regularly for hearing at the same time before the Court and evidence was introduced both oral and documentary, and the matters taken under consideration by the Conciliation Commissioner herein, and thereafter on or about the 1st day of August, 1944, the said Conciliation Commissioner made and entered his findings of fact, conclusions of law and order upon the said petition; that a copy of said findings of fact and conclusions of law is hereto attached marked Exhibit "A", and that a copy of said order is hereto attached, and marked Exhibit "B".

II.

That your petitioners are aggrieved by certain of the conclusions of law and of the order of the Court based on such conclusions, and your petitioners allege that the conclusions just referred to and hereinafter specified are erroneous in law and that the order of the Court insofar as it is based on said erroneous conclusions is against the law, and should be reversed or modified insofar as it is unlawful; and that the particulars in which said conclusions of law and said order are erroneous are as follows:

1. That the Conciliation Commissioner erred with respect to that portion of conclusion of law No. II which reads as follows, viz.:

“Interest to be computed as provided in conclusion I was not waived and Pacific States Corporation is not [70] estopped to claim interest so computed, but, if said interest has been waived, and if said Pacific States Corporation is estopped, that equity requires the payment of interest as is set forth in Paragraph I hereof.”

That said conclusion is opposed to and is not sustained by findings of facts Nos. IV, V and VI which taken together constitute a full and complete waiver of all interest and an estoppel of a right by Pacific States Corporation and Citizen's National Trust and Savings Bank of Los Angeles to claim interest upon the unpaid principal of the promissory note secured by the lien and encumbrance, from and after January 30, 1932.

2. That the Conciliation Commissioner erred with respect to conclusion of law No. IV in not concluding

that by their conduct Citizen's National Trust and Savings Bank of Los Angeles and Pan American Bank of California were estopped to claim interest prior to the period commencing four years from the maturity date of the said promissory note.

3. That the Conciliation Commissioner erred with respect to conclusion of law No. V in concluding that despite the waiver thereof, the Pacific States Corporation was entitled to receive, as a matter of equity, interest as provided in conclusion of law No. I.

4. That the Conciliation Commissioner erred with respect to his order of date August 1, 1944 in adjudging and decreeing that the following items should be included with the other items set forth in the said order, as debts and obligations forming the basis for the existing lien, viz.:

"Interest earned on the said note between

1-30-32 and the maturity date of the

note on 7-30-32

\$1235.98

[71]

Less sum applied by Citizens' Na-

tional Trust and Savings

Bank of Los Angeles on in-

terest on 6-29-40

\$363.85

\$872.13

Total interest earned in the four

years from maturity date of

note 7-30-32

\$9040.58"

That the said two items aggregating \$9912.71 were wrongfully included in said order as debts or obligations which formed the basis for the existing liens, and they should be excluded in computing the amount of said existing lien.

Wherefore your petitioners (the Debtors herein) pray that said findings, conclusions and order be reviewed by a judge of this Court, in accordance with the provisions of the Act of Congress relating to bankruptcy, and that said conclusions of law be held in error insofar as they hold that interest was not waived prior to July 30, 1936, and insofar as they hold that Pacific States Corporation and Citizen's National Trust and Savings Bank of Los Angeles are not estopped to claim interest prior to July 30, 1936, also insofar as they declare that even though said interest had been waived, Pacific States Corporation and Citizen's National Trust and Savings Bank of Los Angeles were in equity entitled to claim interest prior to July 30, 1936; and that said order be modified by the exclusion from the computation of the existing lien, of the said sum of \$9912.71 erroneously allowed as interest payable on the said promissory note.

FRANK D. HALL

MARGUERITE S. HALL

Petitioners (Debtors)

C. P. VON HERZEN

EDGAR F. HUGHES

DAVID A. SONDEL By EFH

Attorneys for Petitioners (Debtors) [72]

Note: Findings of Fact and Conclusions of Law Upon "Petition for Determination of Amount of Existing Lien and Encumbrance" and Order Upon "Petition for Determination of Amount of Existing Lien and Encumbrance" and Upon "Petition for Order to Apply Moneys to Payment of Debt," attached at this point are the same as those appearing at pages 20 and 39, respectively, of the Transcript of Record so are not repeated at this point. [73]

[Verified.]

Motion of Debtor for Relief from Default in Filing Petition is hereby granted and said Petition is ordered filed as of October 27, 1944.

H. SIDNEY LAUGHLIN
C. C.

10-23-44 HSL

[Endorsed]: Filed Oct. 27, 1944. Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. [74]

[Title of District Court and Cause]

MEMORANDUM OF DECISION

This proceeding comes before this court upon petition by Pacific States Corporation for review of the Conciliation Commissioner's order of August 1, 1944, granting debtor's petition for determination of existing lien and encumbrance on ranch property located in Leona Valley, California.

In 1927 title to the ranch property was in the debtors, Frank D. and Marguerite S. Hall, husband and wife. During that year debtors organized the Farm Home Builders Corporation which they wholly owned and controlled, and thereupon transferred the ranch property to that corporation. The Commissioner has found that the corporation is the alter ego of the debtors.

On July 30, 1937, acting through their corporation, debtors borrowed \$45,000 from Pan American Bank of California, [75] the indebtedness for which was evidenced by a five-year note providing for 7% interest compounded quarterly "from date until paid." The note was secured by a deed of trust of the ranch property and a declaration of trust wherein Pan American Bank was both trustee and beneficiary.

Pan American Bank went into liquidation proceedings on July 19, 1929 and the Superintendent of Banks of the State of California took over the assets and control of the bank. Thereafter the original declaration of trust was superseded by Trust No. 5873 in which Citizens National Trust and Savings Bank was named as trustee and Pan American Bank as beneficiary. In 1939 the Superin-

tendent of Banks assigned the beneficial interest in Trust No. 5873 to petitioner, Pacific States Corporation, in settlement of a claim of petitioner against Pan American Bank.

On December 9, 1942 debtors filed a petition as farmers for proceedings under §75 of the Bankruptcy Act [11 U. S. C. §203], listing the Leona Valley ranch property in their schedule of property owned. The petition was approved and the matter referred to H. Sidney Laughlin, Esquire, as Conciliation Commissioner.

Pacific States Corporation then filed a motion to dismiss the petition upon the ground that debtors were not farmers and were not the owners of the ranch property set forth in their petition. This motion was denied by the Conciliation Commissioner, and no petition for review of that order was ever taken. [76]

Unable to secure an agreement to a composition, debtors petitioned under §75(s) for adjudication as bankrupts. They were thereupon adjudged bankrupts, and an order of general reference was then made to Conciliation Commissioner Laughlin.

Citizens Bank then presented a motion to dismiss the proceedings upon the ground that debtors were not farmers; and also presented a petition for dismissal and a motion to strike the description of the Leona Valley property from the schedules, upon the ground that Citizens Bank, and not the debtors, was the owner of the real property in question.

The Commissioner held that his previous order on the motion for dismissal made by Pacific States Corporation was res judicata as to Citizens Bank and dismissed its

petition and motions. Upon petition for review, this order was affirmed by my colleague, Judge O'Connor.

Debtors then filed their petition for a determination of the existing lien and encumbrance on the ranch property. It is the Commissioner's order on that petition which is drawn in question by the petition for review at bar.

Petitioner, Pacific States Corporation, again contended that this court has no jurisdiction over the matter as the debtors are not farmers nor owners of the ranch property. The Commissioner overruled the objection and denied petitioner's motion to dismiss debtors' petition.

Clearly there had been a previous adjudication by the [77] Commissioner of petitioner's contention. Petitioner could have filed a petition for review of the Commissioner's denial of the first motion for dismissal of the proceedings. Having failed to do so, petitioner will not be heard to raise the same questions by motions to dismiss subsequent petitions by the debtors in the same proceeding.

The Commissioner found that petitioner's promissory note was barred by the statute of limitations on July 30, 1936, four years after maturity. But petitioner contends that the debt was revived (1) by debtors' statements in a verified complaint filed in an action by debtors against Citizens Bank in the Superior Court for Los Angeles County California; and (2) by debtors' acceptance of a 1940 statement of account, rendered by the Citizens Bank, in which a payment made prior to maturity of the note was recorded as a payment of principal and interest.

Section 360 of the California Code of Civil Procedure provides that: "No acknowledgment or promise is sufficient evidence of a new or continuing contract, by which to take the case out of the operation of this title (statute of limitations), unless the same is contained in some writing, signed by the party to be charged thereby."

The law in California appears settled that the essentials of an acknowledgment are: "The distinct and unqualified admission of an existing debt, contained in a writing [78] signed by the party to be charged, and without intimation of an intention to refuse payment thereof, suffices to establish the debt to which the contract relates as a continuing contract, and to interrupt the running of the statute of limitations against the same." [Southern Pacific Co. v. Prosser, 122 Cal. 413, 415, 52 P. 836, 837, 55 P. 145, 146 (1898); Wilson v. Walters, 66 Cal. App. (2d) 1, 151 P. (2d) 685 (1944).]

"A declaration in writing, in whatever form of language it may be made, cannot revive a right of action once barred, unless it involves an express promise to pay the debt, or an acknowledgment from which the law will imply a promise." [Visher v. Wilbur, 5 Cal. App. 562, 91 P. 412, 414 (1907).]

Moreover, it has been expressly held that an admission of indebtedness in a complaint is not a sufficient acknowledgment within the requirements of §360 of the Code of Civil Procedure. [Roper v. Smith, 45 Cal. App. 302, 187 P. 454 (1919).]

There is ample evidence to sustain the Commissioner's findings of fact on this question. So in view of the law of California as set forth above, it was not error to hold the note to be outlawed by the statute of limitations.

However, inasmuch as debtors seek equity, they must do equity, regardless of the bar of the statute. Accordingly, the Commissioner held that debtors must pay petitioner the [79] unpaid principal of the promissory note with 7% interest compounded quarterly until July 30, 1932 (the maturity date), 7% simple interest until July 30, 1936 (the date on which the note was barred by the California statute of limitations), but without interest thereafter.

Petitioner now contends that since the note provided for 7% interest compounded quarterly "from date until paid," the Commissioner erred in not holding that debtors must pay the contract rate of interest until date of the Commissioner's order.

The Commissioner found that Citizens Bank in its capacity as trustee prepared and rendered accounts of all collections, disbursements and distributions during the years 1933-1940, inclusive, and that each account set forth a statement of the unpaid balance of the promissory note obligation; that these accounts did not set forth any charge for or payment of interest; that the accounts were furnished to debtors and to the state officials in charge of the liquidation of the Pan American Bank, and were accepted by them as true and correct; that acceptance of the accounts evidenced an intention on the part of the liquidator of Pan American Bank to waive interest, and interest was so waived. As conclusions of law from these findings of fact, the Commissioner held

that Citizens Bank, as trustee, and the liquidator of the Pan American Bank were estopped to claim interest after July 30, 1936, and that this [80] estoppel applied to petitioner.

There is ample evidence to sustain the Commissioner's findings and there is no error in the conclusions of law drawn therefrom. Indeed, it was not necessary to find that petitioner is estopped to claim interest, since both the principal obligation and all interest became barred by the California statute of limitations on July 30, 1936.

But it is urged that because the promissory note stipulated 7% interest compounded quarterly "until paid," the interest rate should not have been reduced from compound to simple for the four years between maturity and the running of the statute of limitations.

Interest after maturity is often not a contract obligation. Where provision for interest has been entirely omitted from a promissory note, interest after maturity has been allowed on the theory that the interest then is in the nature of damages. [Puppo v. Larosa, 194 Cal. 717, 230 P. 439 (1924).]

However, in providing for interest as damages, §3289 of the California Civil Code states: "Any legal rate of interest stipulated by a contract remains chargeable after a breach thereof, as before, until the contract is superseded by a verdict or other new obligation." And the weight of authority is that where the rate of interest is

specified in the note, that rate continues after maturity and until [81] paid. [3 Ruling Case Law, p. 900.]

Thus in the case at bar, where the language of the note specifically provides for interest "until paid," it would seem that the contract rate of interest should be applicable after maturity. However, the right to that interest became barred with the expiration of the four-year period prescribed by the statute of limitations.

Thus the amount of both interest and principal which debtors must pay to remove the lien on their ranch property rests within the sound discretion of the Commissioner, whose duty it is to determine what "equity" debtors must do in order to receive "equity." The Commissioner might well have omitted any provision for interest after maturity, or he might have seen fit under the circumstances to allow the contract rate of interest until the date of his order. Since the whole obligation was barred, petitioner was not entitled to anything as a matter of right.

The Commissioner's order is not to be disturbed unless there has been a clear abuse of discretion. I find that the Commissioner acted well within the bounds of his discretion. Therefore, the order of August 1, 1944 will be affirmed.

November 14, 1946.

WM. C. MATHES

United States District Judge

[Endorsed]: Filed Nov. 14, 1946. [82]

In the District Court of the United States
Southern District of California, Central Division

No. 41731-WM In Bankruptcy

In the Matter of

FRANK D. HALL and MARGUERITE S. HALL,
Husband and Wife,

Debtors.

ORDER OF JUDGE ON PETITION FOR REVIEW
OF COMMISSIONER'S ORDER OF AUGUST
1, 1944

Upon the petition for review of Pacific States Corporation filed September 29, 1944; and upon the certificate of the Conciliation Commissioner filed June 5, 1946; and upon all proceedings had before the Commissioner as appears from his certificate; and upon hearing counsel for the parties;

It Is Ordered that the order of the Conciliation Commissioner dated August 1, 1944, granting debtors' petition for determination of existing lien and encumbrance on certain ranch property situated in Leona Valley, California, be and is hereby confirmed;

It Is Further Ordered that the Clerk this day forward copies of this order by United States mail to

(1) The Conciliation Commissioner, H. Sidney Laughlin, Esquire [83]

(2) The attorneys for the petitioner, and

(3) The attorneys for the debtors.

November 14, 1946.

WM. C. MATHES

United States District Judge

Judgment entered Nov. 14, 1946. Docketed Nov. 14, 1946. Book 10, page 55. Edmund L. Smith, Clerk; by Louis J. Somers, Deputy.

[Endorsed]: Filed Nov. 14, 1946. [84]

[Title of District Court and Cause]

NOTICE OF APPEAL

To: Frank D. Hall and Marguerite S. Hall, husband and wife, Debtors, and to C. P. Von Herzen and Edgar F. Hughes and David A. Sondel, their attorneys:

Notice Is Hereby Given that Pacific States Corporation, a corporation, petitioner in the above-entitled action, hereby appeals to the Circuit Court of Appeals for the Ninth Circuit, from that portion of the order made and entered in the above-entitled matter on November 14, 1946, by the Honorable William C. Mathes, which provides as follows:

“It Is Ordered that the order of the Conciliation Commissioner, dated August 1, 1944, granting debtors’ petition for determination of existing lien and encumbrance on certain ranch property situated in Leona Valley, California, be and is hereby confirmed.”

No appeal is taken from said order insofar as it provides, by affirming the aforesaid order of the Conciliation Commissioner, that said Debtors shall pay to petitioner at least GTG EME

the sum of \$33,834.23, [85] although petitioner does not admit the correctness of the method of computation of said amount in the findings and conclusions of the Conciliation Commissioner made and entered August 1, 1944, and in the aforesaid order of the Conciliation Commissioner made and entered August 1, 1944.

Dated this 10th day of December, 1946.

GEORGE T. GOGGIN

Attorney for Appellant [86]

[Affidavit of Service by Mail.]

[Endorsed]: Filed and mailed copy to C. P. Von Herzen, et al., attys. for debtors, Dec. 10, 1946. [87]

[Title of District Court and Cause]

STIPULATION

It Is Hereby Stipulated between appellant Pacific States Corporation, through George T. Goggin, Esq., its attorney, and Frank D. Hall and Marguerite S. Hall, appellees herein, through C. P. Von Herzen, Edgar F. Hughes and David A. Sondel, Esquires, their attorneys, that the Reporter's Transcript of the Proceedings in the District Court, and each and all of the exhibits designated in appellant's designation of record on appeal, and such other exhibits as may be designated by appellee in addition thereto, shall be transmitted in their original form, in lieu of copies, to the Circuit Court of Appeals for the 9th Circuit on the appeal of the above entitled case; and that appellees may use the appellant's copy of the Reporter's Transcript.

Dated: December 20, 1946. [88]

GEORGE T. GOGGIN

Attorney for Pacific States Corporation

C. P. VON HERZEN

EDGAR F. HUGHES and

DAVID SONDEL

By C. P. Von Herzen

Attorneys for Frank D. Hall and Marguerite
S. Hall

[Endorsed]: Filed Dec. 27, 1946. [89]

[Title of District Court and Cause]

STIPULATION

It Is Hereby Stipulated between appellant Pacific States Corporation, through George T. Goggin, its attorney, and Frank D. Hall and Marguerite S. Hall, appellees herein, through C. P. Von Herzen, Edgar F. Hughes and David A. Sonnel, their attorneys, that Volumes I and II of the Reporter's Transcript and each and all of the exhibits designated in appellant's Designation of Record on Appeal shall be transmitted in their original form, in lieu of copies, to the Circuit Court of Appeals for the Ninth Circuit, on the appeal of the above entitled case.

Dated: December 20, 1946.

GEORGE T. GOGGIN

Attorney for Pacific States Corporation

C. P. VON HERZEN

EDGAR F. HUGHES and

DAVID SONDEL

By C. P. Von Herzen

Attorneys for Frank S. Hall and Marguerite
S. Hall [90]

[Endorsed]: Filed Dec. 27, 1946. [90]

[Title of District Court and Cause]

ORDER

Good Cause Appearing Therefor, It Is Hereby Ordered, Adjudged and Decreed that Volumes I and II of the Reporter's Transcript and each and all of the exhibits designated in Appellant's Designation of Record on Appeal and such other exhibits as may be requested by the appellee, shall be transmitted in their original form, in lieu of copies, to the Circuit Court of Appeals for the Ninth Circuit, on the appeal of the above entitled case.

Dated: December 24, 1946.

WM. C. MATHES

Judge of the United States Court

[Title of District Court and Cause]

STATEMENT OF POINTS ON WHICH APPELLANT WILL RELY ON APPEAL

Appellant respectfully intends to rely upon the following points on its appeal:

I.

Appellant is entitled to seven per cent (7%) interest compounded quarterly on the principal sum of \$45,000.00, with any interest not paid when due becoming part of the principal and thereafter bearing like interest, from July 30, 1927 until the entire balance shall have been paid by appellees, less amounts heretofore paid on account of principal and interest.

II.

The prior action in the California state courts between appellees and appellant, Hall v. Citizen's National Trust and Savings Bank et al., Los Angeles Superior Court No. 457 525, 53 Cal. App. 625, Hearing in Supreme Court denied,—is *res judicata* herein that: [92]

a. The note of July 30, 1927, and deed of trust dated same day securing same as well as declaration of trust No. 5873 dated December 2, 1929 are valid and in full force and effect, and are owned by appellant.

b. Said obligation is not barred by the statute of limitations.

c. Said obligation is not unenforceable by reason of any waiver or estoppel.

d. Appellant is entitled to proceed forthwith to a trustee's sale of the real property in question under the afore-said deed of trust and declaration of trust, unless appellees shall forthwith deposit with the Court in the instant case a sum equal to that described in Point I of these Points to be relied on on appeal.

III.

The power of sale under the said deed of trust is not barred by the statute of limitations.

IV.

The trustee's power of sale under the said declaration of trust is not barred by the statute of limitations.

V.

Even if the statute of limitations has run against an action for money due on the note herein secured by deed

of trust on real property and declaration of trust on same, appellees cannot clear title to said property or redeem the same without payment of full amount of principal and interest due thereon to date.

VI.

The allowance of interest in the amount set forth in Point I is mandatory, and not discretionary.

VII.

The order of the District Court herein constitutes a deprivation of appellant's property without due process of law in violation of the Constitution of the United States. [93]

VIII.

Even if the allowance of interest in the amount described in Point I above be deemed discretionary, the failure to allow such amount herein was an abuse of discretion.

IX.

Even if the statute of limitations had run on the aforesaid note prior to 1940, the payments made on account of principal and interest in that year, and the acceptance by appellees of the trustee's annual statement of that year showing the same, revived the debt and all interest thereon up to said date and for four years thereafter. Since the within proceedings were begun within said four year period, and since the statute of limitations is tolled during the pendency of the within proceedings, the said note is still in full force and effect and is not barred by the statute of limitations.

X.

Appellees do not have a sufficient interest in the real property in question to maintain the within proceedings under Section 75 of the Bankruptcy Act.

XI.

Appellees are not entitled to maintain the within proceedings under said Section 75 of the Bankruptcy Act of the United States because they were not farmers within the meaning of the Act on the date of filing their petition starting these proceedings.

XII.

There is not sufficient evidence to establish any waiver by appellant of any principal or interest on the said note of July 30, 1927; nor is there sufficient evidence of any such waiver by the predecessors in interest of appellant in such manner as to bind appellant.

XIII.

There is not sufficient evidence to establish any estoppel dis-entitling appellant to payment of full principal and interest on said note; nor is there sufficient evidence of any such estoppel by [94] the predecessors in interest of appellant of such nature as to bind appellant.

Respectfully submitted,

GEORGE T. GOGGIN

Attorney for Appellant

[Endorsed]: Filed Dec. 18, 1946. [95]

[Title of District Court and Cause]

COMPOSITION AND EXTENSION PROPOSAL

Come now the debtors, Frank D. Hall and Marguerite S. Hall, and make the following proposal of composition and extension to their creditors:

I.

(1) Debtors' first proposal is based upon a cash settlement with Pacific States Corporation, the assignee, of the promissory note secured by Deed of Trust and Declaration of Trust on debtors' property.

(2) Debtors offer to said creditor, Pacific States Corporation, the sum of \$45,000.00 cash, to be paid within four months from date hereof, failing which, the proceeding is to be dismissed and the creditor restored to such civil remedies as it desires to pursue.

(3) Debtors propose to pay all other creditors, whether existing at the time of the filing of the petition or since, in cash, whatever sums may be proven to be owed them. [101]

II.

As an alternate proposal to the foregoing, the debtors propose an extension plan as follows:

(1) Debtors propose to have all proceedings now pending or contemplated, looking to a foreclosure upon their real property or to enforce any obligation against them, stayed to and including August 1, 1947.

(2) During said period debtors propose to intensively farm the real property owned by them and to grow and

produce crops thereon, all moneys to be deposited in a separate bank account of the debtors requiring the counter-signature of the Conciliation Commissioner, and only such sums to be spent as are necessary or proper for the adequate maintenance and care of the property and the production of crops thereon.

(3) From the fund so created the debtors propose to pay the Conciliation Commissioner's fees, expenses, and charges, and any costs and attorney's fees in this proceeding, the balance thereof, subject to a reasonably adequate budget to enable the debtors to continue the production of crops upon said property, the debtors propose to pay to the creditor Pacific States Corporation. In any event, debtors propose to pay the current taxes levied against the real property prior to delinquency.

(4) At the conclusion of the second year of farming operations, the debtors propose to pay to the creditor Pacific States Corporation, five per cent of the principal amount due it; and at the end of the third year's farming operation, the debtors propose to pay said creditor an additional five per cent of the principal due it; and the balance of said obligation to be paid on or before August 1, 1947. During the extension period the debtors propose to pay to the creditors, Pacific States Corporation, interest at the rate of four per cent per annum, payable annually, commencing August 1, 1944. [102]

(5) Inasmuch as a dispute of a substantial character exists with respect to the present unpaid balance due

upon the debtors' obligation now owned by the Pacific States Corporation, the debtors propose under this extension agreement to recognize the principal unpaid balance to be \$50,000.00, which shall be the amount to which said creditor Pacific States Corporation shall be entitled, with interest, as above provided.

(6) Debtors propose to pay all other creditors whether existing at the time of the filing of the petition or since as follows: To creditors existing at the time of the filing of the petition such sums as may be proven to be owed them in cash four years from date hereof, together with interest thereon at the rate of two per cent per annum; to creditors that have become such since the filing of the petition such sums as may be proven to be owed to them as the same become due.

Dated: April 1, 1943.

FRANK D. HALL

MARGUERITE S. HALL

Debtors

C. P. VON HERZEN

Attorney for Debtors [103]

[Affidavit of Service by Mail.]

[Endorsed]: Filed Apr. 2, 1943. Conciliation Commissioner.

[Endorsed]: Filed Jan. 20, 1947. [104]

[Title of District Court and Cause]

CERTIFICATE OF CLERK

I, Edmund L. Smith, Clerk of the District Court of the United States for the Southern District of California, do hereby certify that the foregoing pages numbered from 1 to 104, inclusive, contain full, true and correct copies of Debtor's Petition Under Section 75 of the Bankruptcy Act; Approval of Debtor's Petition and Order of Reference; Petition for Adjudication Under Section 75-s of the Bankruptcy Act; Orders for Adjudication and of General Reference Under Section 75-s; Notice of Filing of Commissioner's Certificate on Review; Certificate of Conciliation Commissioner on Review of Order Dated August 1, 1944; Petition for Determination of Amount of Existing Lien and Encumbrance; Answer of Pacific States Corporation to Petition for Determination of Amount of Existing Lien and Encumbrance; Petition for Order to Apply Moneys to Payment of Debt; Answer to Petition for Order to Apply Moneys to Payment of Debt; Findings of Fact and Conclusions of Law Upon Petition for Determination of Amount of Existing Lien and Encumbrance and Upon Petition for Order to Apply Moneys to Payment of Debt; Order Upon Petition for Determination of Amount of Existing Lien and Encumbrance and Upon Petition for Order to Apply Moneys to Payment of Debt; Two Orders Extending Time Within Which Pacific States Corporation May Prepare and File Its Petition for Review Herein; Petition of Pacific States Corporation for Review of Order of Conciliation Commissioner Dated August 1, 1944; Petition of Debtors for Review of Order of Conciliation Commissioner Dated

August 1, 1944; Memorandum of Decision; Order of Judge on Petition for Review of Commissioner's Order of August 1, 1944; Notice of Appeal; Two Stipulations re Transmittal of Original Exhibits, etc.; Order for Transmittal of Original Exhibits and Reporter's Transcript; Statement of Points Upon Which Appellant Will Rely on Appeal; Designation of Record on Appeal by Pacific States Corporation; Affidavit of Service of Statement of Points and Designation of Record; Stipulation and Order Extending Time to File Record and Docket Appeal and re Record on Appeal and Composition and Extension Proposal which, together with Two Volumes of Original Reporter's Transcript and Original Petitioner's Exhibits 1, 6, 8 and 9; Original Pacific States Exhibits 2A, 2AA, 2B, 2C, 2D, 2F, 2G and 2I; Original Citizen's Bank Exhibit 4 and the Original of a Portion of Debtor's Exhibit 2-4, to-wit, statement of Citizens National Trust and Savings Bank for the period from January 1, 1940 to December 31, 1940, transmitted herewith, constitute the record on appeal to the United States Circuit Court of Appeals for the Ninth Circuit.

I further certify that my fees for preparing, comparing, correcting and certifying the foregoing record amount to \$26.20 which sum has been paid to me by appellant.

Witness my hand and the seal of said District Court this 23 day of January, A. D. 1947.

(Seal)

EDMUND L. SMITH

Clerk

By Theodore Hocke
Chief Deputy Clerk

[Title of District Court and Cause]

Hon. D. Sidney Laughlin, Conciliation Commissioner

REPORTERS' TRANSCRIPT OF TESTIMONY
AND PROCEEDINGS ON HEARINGS

* * * * *

Los Angeles, California, January 29, 1943; 10:00 A. M.

The Commissioner: Did we have a reporter the last time?

Mr. North: No, we did not. I was told it would be permissible if we made the arrangement. Is that satisfactory?

The Commissioner: That is correct. That is correct. The arrangement is made as a private matter. However, at a later date, upon proper application, the matter for reimbursement can be considered. However, I am not holding out that there will be a reimbursement.

Mr. North: No.

The Commissioner: But I stated that in several of these cases.

Mr. North: If Your Honor please, I have served notice I desired to file a supplemental memoranda of points and authorities at this time, if I may.

The Commissioner: Very well. Now, the record will show that this is a continuation of the first meeting of creditors, which was first called for January 20, 1943, pursuant to notice over my signature as Conciliation Commissioner, dated December 30, 1942, and jurisdiction of the court is retained, and at the present time we are continuing upon the jurisdictional point as to whether

or not the debtor is a "farmer" within the meaning of the Act.

The record shows that Frank D. Hall, the debtor, was [2*] on January 20th duly sworn and examination started; it was stipulated in open court that the creditor, Pacific States Corporation, which had filed its petition for a dismissal, would assume the burden of proof, and witnesses were called on behalf of the petitioner in pursuant thereto. The petitioner had not completed its order of proof and by stipulation examination was conducted of the debtor by his counsel of record. That examination in itself, has not been completed, and at the suggestion of the court was stopped in order to allow certain out-of-town witnesses to testify on behalf of the petitioner, Pacific States Corporation. The proceedings were adjourned while this proof was being put on by the said petitioner, Arnold Munz, being the last witness called on direct examination and there was no cross examination, which brings the matter up to the point of today's proceedings.

Is that a correct statement of what has transpired, gentlemen, up to the present time?

Mr. Von Herzen: I believe that is correct, Your Honor.

The Commissioner: Very well. Proceed.

Mr. North: I would like to question Mr. Hall, if the Court please, further, and I may cover some of the ground that has been covered, but I will try not to do so in detail or at great length.

The Commission: Well, I will allow some repetition due to the fact that there was no reporter before and you,

*Page number appearing at top of page of original Reporter's Transcript.

of [3] course, will be permitted to ask leading questions; if they become too leading and placing words in the witness' mouth, or attempting to, I will stop them, or adverse counsel will too, but I think in the interest of time it may be understood you may do that. [4]

* * * * *

FRANK D. HALL,

recalled, being first duly sworn, testified further as follows:

* * * * *

Direct Examination [5]

* * * * *

Q. By Mr. North: I will ask Mr. Hall whether or not during the hearing in the Superior Court, of that Superior Court case, you did not testify as follows:—

Mr. Von Herzen: The page and line, please?

Mr. North: Page 232, lines 11 to 18. I will make it [54] to the question as in line 6 to 18:

“Q. Well, I am trying to get Mr. Hall an idea of the average number of times a week you have been on the property since that date?”

Now, the date, Your Honor, was February 9, 1939.

Mr. Von Herzen: Start at line 1.

(Testimony of Frank D. Hall)

Mr. North: All right. We will start at line 1. I will start at line 2 where the question begins:

“Q. How much of the time since February 9, 1939, have you actually been on the property?”

A. That is rather a hard question, asking a man who lives on it; I have been there lots of times; all over it.

Q. Well, I am trying to get Mr. Hall an idea of the average number of times a week you have been on the property since that date?

Mr. Sondel: I cannot see how that is material. It has been gone over at least three or four times.

The Court: I do not think that particular question has been asked. The objection is overruled. Can you answer?

A. Well, between this date in 1939 and this so-called stop letter that you have here, whether I was on the property, was not on the property, in any particular day or time, I was working hard in an effort to make sales. I was not farming it. [55] I was trying to sell it.”

Did you so testify? A. Yes, sir.

Q. You did? Now, Mr. Hall—

The Commissioner: He said that as of what period?

Mr. Von Herzen: February 9, 1939.

The Witness: It was renting for pasture at that time.

The Commissioner: Just a moment. Just a moment.

Mr. North: From February 9, 1939, until the hearing, which was about 1940, November, I believe, was it not, Mr. Hughes? I believe I can get the exact date

(Testimony of Frank D. Hall)

here, Your Honor, of that statement. It was in February, 1941, when that statement was made.

The Commissioner: Well, let me understand this. This testimony which counsel just read, Mr. Hall, you stated that between February 9, 1939, and up until November of 1940—is that correct?

Mr. North: February, 1941.

The Commissioner: 1941 That you were not trying to farm your property, you were trying to sell it?

The Witness: Yes, sir.

The Commissioner: That is what you said?

The Witness: That is farming, as far as planting is concerned, it was under lease, the same as I have testified that time for grazing and bees.

The Commissioner: But you said you were not trying [56] to farm it, you were trying to sell it?

The Witness: Yes.

The Commissioner: Prior to that time you had been out working the soil yourself; is that right?

The Witness: That is right. I had an agreement with the Bank Commissioner at that time that he would reduce the price and I would do everything I could to get some money in there, so I got busy.

The Commissioner: Well, had the bank asked you to sell your property?

The Witness: Oh, yes. He was asking me all the time to hurry up and get all the sales I could in there so we could reduce this total, that he could give me good cooperation at all times and tried in every way to O.K. all my sales, and got all the help to me that he could so I could make sales and decrease the total amount due.

(Testimony of Frank D. Hall)

The Commissioner: Was that the same thing that you were trying to do from November, 1941, up to the date of filing these proceedings in 1942? Still trying to do the same thing?

The Witness: The same thing. Well, no, I had been under restraint; I couldn't do it; but I have been trying to sell the whole thing, or enough to pay off the obligation, yes. I have not been trying to make individual sales because, as I testified, I have not been actually planting ground, or having it planted, on account of the time it takes, [57] and it has been rented all the time, running cattle on it, and in doing what I thought was the surest and best way that I could do on it under the circumstances.

The Commissioner: You were trying to sell it to pay off the indebtedness? Is that it?

The Witness: Yes, sir, at all times. [58]

* * * * *

The Commissioner: We are getting away from my question asked about '39, '40, '41 and '42. You told me during the year 1938 somebody got \$520.00.

Mr. Von Herzen: Mr. Hall got \$520.00.

The Commissioner: For services rendered in selling certain property? This property? Is that right?

Mr. Von Herzen: Your Honor, Mr. Hall in rendering that service, he would have had, for example, to report it as income.

The Commissioner: Yes.

Mr. Von Herzen: Now, when a person sells their own property the rule, at least for income tax purposes,

(Testimony of Frank D. Hall)

is, that is not income, unless it be in excess of the cost of the property. Now, that is the primary rule, if it exceeds the cost upon March 13, 1916, it is income, and if it does not exceed that it is not income.

Now, I am willing and I have here the figures for 1938, '39, '40, '41 and '42, as to the money that he received, which he could have used, for example, to play the horses with, or buy hamburgers with, or anything else. In other words, it went into his pocket.

The Commissioner: Yes.

Mr. Von Herzen: And whether it was income or principal, I am certainly not going to be willing to stipulate that that is income.

The Commissioner: Well, that is all right. I don't [79] care which it is as far as my question is concerned. When I talk about "income" I perhaps should use the word "revenue". In other words, I want to know where he got the money to live on. You say he got \$520.00 from this source in 1938?

Mr. Von Herzen: That is right.

Mr. North: We contend he got \$2,042.25 from the same source that year.

The Commissioner: I will come back to you and we will compare figures.

Mr. Von Herzen: In 1939 it was \$1,087.50.

The Commissioner: All right.

Mr. Von Herzen: In 1940 it was nothing; in 1941 it was nothing, and in 1942 it was nothing.

Q. By Mr. Von Herzen: Am I right on those last three years, Mr. Hall?

The Witness: Yes.

(Testimony of Frank D. Hall)

Mr. Von Herzen: Now, the bank figures—

The Commissioner: Wait a minute.

Mr. Von Herzen: —for the same year—

The Commissioner: Just a minute.

Mr. Von Herzen: Pardon me. I just took out five years back, Your Honor. I didn't go back to 1930. The bank figures—would Your Honor like to have those?

The Commissioner: I will in a minute, after I get this note made here. You contend that is money received or paid to him under the terms of the trust agreement from [80] proceeds of the sale of the property?

Mr. Von Herzen: That is right.

The Commissioner: That is as far as you go?

Mr. Von Herzen: Yes, for the sale of his own property.

The Commissioner: Now, we are talking about 1938 to 1942, for the same period of time what do you say the figures are, Mr. North?

Mr. North: 1938, \$2,042.25.

Mr. Von Herzen: The bank figures are \$2,029.00. I don't know where you got the other two fifty.

Mr. North: 1939, \$1,972.50.

Mr. Von Herzen: We agree on that.

The Commissioner: Go ahead.

Mr. North: 1940, we have no record that Mr. Hall received any commissions.

(Testimony of Frank D. Hall)

The Commissioner: '41? That is 1940? Now, what about '41?

Mr. North: No.

The Commissioner: Nothing in '41?

Mr. North: Nothing. Nothing after the notice of default was served, Your Honor, and that was served in '40, and no sales of the property were permitted after that time. [81]

* * * * *

O. E. HORSTMANN,

called as a witness, being first duly sworn, was examined and testified as follows:

Direct Examination

[90]

* * * * *

Q. By Mr. North: Mr. Horstmann, does the bank have any records indicating what money has been received by the agent in the sale, in this instance Mr. Hall, in the sale of the various portions of the property? Wasn't the agent required to make a receipt right on the transaction itself?

The Witness: Well, as I explained, in his reports of sale the deal was outlined, forwarded to the bank, his portion having been retained by him as his commission.

Q. That was the arrangement?

A. He was entitled to a certain percentage which he withheld.

Q. That percentage was thirty, or was it, or do you know?
A. I believe so.

(Testimony of O. E. Horstmann)

Q. Thirty? Now, if the down payment was no more than 30 per cent, the arrangement was Mr. Hall should retain it; is that correct? A. That is correct.

Q. And if it was greater than 30 per cent then he would deliver to the bank the surplus over 30 per cent, and retain the thirty; is that right?

A. That is right.

Q. Or if it was under—this down payment was under 30 per cent, he would be entitled to retain all that he got, [96] and then could later, from some other source, the difference between what he got and 30 per cent; is that correct?

A. That is correct, he would get the difference as payments were made under the contract and his pro rata share was taken. [97]

* * * * *

Q. All right. Now, commencing with 1930 will you tell us right up through 1939 the amounts that are shown for each year as having been received by Mr. Hall, either in cash or as a credit?

A. These are the credits made to "F. D. Hall, Agent's Account".

Q. All right. 1930? [100]

A. Regardless of whether they are cash.

The Commissioner: It is understood those are, the credits, at least, according to the sales which he reported were made? Is that right?

The Witness: Correct.

The Commissioner: All right.

(Testimony of O. E. Horstmann)

The Witness: 1931, \$3,729.11. 1931, \$4,465.30; 1932, \$2,412.01; 1933, \$274.59; 1934, \$591.00; 1935, \$142.00; 1936, \$1,473.30; 1937, \$530.00; 1938, \$2,426.25; 1939, \$1,972.50.

Q. By Mr. North: You have the total of those payments?

The Witness: The total of those payments \$17,632.06.

Mr. North: That is all. [101]

* * * * *

FRANK D. HALL,

recalled.

Further

Direct Examination [111]

* * * * *

Q. By Mr. North: I will ask whether or not in April of 1941 you did not testify as follows—page 157, Gentlemen,—

“Now, in addition to having consummated these sales reflected in this Exhibit 7, what other work did you do, if any, during 1939, in an effort to make sales of the property up there, or in regard to the project, from time to time?

A. I kept advertising and calling on prospects, and spent all my available time that I could possibly put in, running back and forth after people trying to work up business.”

Q. Did you so testify?

Mr. Von Herzen: If Your Honor please, I object to that.

(Testimony of Frank D. Hall)

The Commissioner: Just a minute.

Mr. Von Herzen: I object to that. I object to the [112] question.

The Commissioner: How?

Mr. Von Herzen: I object to the question altogether because it is completely unimpeaching; there is nothing in that question whatever—I will show the record to Your Honor so Your Honor can follow it better. If Your Honor will glance at that there is absolutely nothing impeaching in that question. We have to go out of our way tremendously to say there is anything contrary in that to anything that he has testified to here impeaching the witness, if Your Honor please, you are attempting to prove that the witness, in effect, you are attempting to prove that the witness is untruthful, and I submit that it should not be done in a manner such as this where it is completely compatible with everything that the witness said.

Mr. North: If Your Honor please, this witness has continually, throughout this hearing, repeated that he spent a large portion of his time visiting the property, conferring with others on grazing, doing these various other farming activities.

Mr. Von Herzen: And I challenge that statement to contain anything to the contrary.

The Commissioner: I am going to allow the question. Objection overruled, because I have well in mind what the testimony is.

Q. By Mr. North: Didn't you so testify? [113]

A. Yes, sir.

(Testimony of Frank D. Hall)

Q. Then on page 201, Mr. Von Herzen, at the same time did you testify in this manner:— On page 200 first—the question is:

“Q. Well, you would say since 1937, for instance, you have lived on this property? A. Oh, yes.

Q. You have? A. Oh, yes, absolutely.

Q. Spent your time there? A. No, I spent my time, most of it, running around trying to make sales and looking for prospects for sales. I couldn't sell anything up there, because people don't come up there to buy them; you have to go out and get them.

Q. And since 1937 you have spent the larger part of your time going out and getting purchasers for this property? A. Yes, sir.”

Q. Did you so testify? A. Yes, sir.

Q. Turning to page 206, Mr. Von Herzen:

“Q. Up to November of last year?

A. Yes, I was on the property.

Q. You were on the property at least once a week?

A. Yes, sir. [114]

The Court: Where were you the rest of the time?

A. Well, I was there sometimes for quite a while, and sometimes I would be down here running around trying to make sales. I wasn't engaged in anything else; I did all I could to—

Q. Your answer is that you were on the property, but when you were not there, you went there at least once a week? A. Yes, sir.

Q. And what were you doing the rest of the time?

A. Down here endeavoring to work up prospective sales, to get buyers.”

Q. Did you so testify? A. Yes, sir.

(Testimony of Frank D. Hall)

Q. Turning to page 211, I will ask you whether or not you testified thus:

“A. I seen there wasn't any use to have two offices; I had one at my house, and there was no use to have a tract office, and most of my prospects were gotten down here, and I took them up there and made appointments with them.”

Skiping down to line 24:

“Q. Since February 9, 1939, have you had a sales office in your house on the property?

A. Well, I don't know just what you mean 'a sales office'. When I had an appointment with them, I took [115] them up there to see the land, and I would talk with them there at the house.

Q. Do you have any indication on the house in sign form, or in any form?

A. Yes, there is a sign on the house 'Office'.

Q. Is that what the sign says, just 'Office'?

A. Yes, sir.

Q. And you had that on there since 1939?

A. Yes, sir.

The Court: And how long prior?

A. A long time.

Q. A week, a month, several years?

A. Yes, since—

Q. Since the first amendment?

A. Since the beginning of the trust.”

Q. Did you so testify? A. Yes, sir.

The Commissioner: What kind of a sign was this you are talking about?

Mr. Von Herzen: A sign that says, “Office”. [116]

* * * * *

CARL P. SMITH,

called as a witness in behalf of the Movant, having been first duly sworn, testified as follows:

Direct Examination

By Mr. North: [159]

* * * * *

Q. Has the Citizens Bank, as Trustee, ever accepted an assignment or transfer of any interest in the property by the Trustor, Farm Home Builders?

Mr. Von Herzen: I object to that as incompetent, irrelevant and immaterial. There is a further objection to that; Citizens Bank is not a party here, and it is immaterial.

The Commissioner: Objection overruled.

Mr. North: Will you read the question, Mr. Reporter? [167]

(Question read by the Reporter.)

A. No. [168]

* * * * *

FRANK D. HALL,

one of the Debtors, having been heretofore duly sworn, testified as follows:

Cross Examination [209]

* * * * *

Q. By Mr. North: Then it was in 1940 that the place was first plastered with foreclosure signs?

A. I tell you I don't know for sure, whether it was early in '40 or late in '39.

(Testimony of Frank D. Hall)

Q. And that was the reason why you ceased your farming?

A. I did not say that. I said I did not pay any attention to remembering anything I did there after that.

Q. Then you have no recollection of anything that you did there after that, 1939?

Mr. Von Herzen: He didn't testify to that. I object [214] it as assuming a fact not in evidence.

The Commissioner: Overruled.

A. Outside of taking care of the poultry, and stuff like that we had there. we did not do any planting, if that is what you mean. [215]

* * * * *

Q. There is a cultivator and a planter, and what else?

A. There are two or three harrows, I am quite sure, and a plow.

Q. Do you know when any of those were last used?

A. Well, the harrows were used by my son. I don't know how long ago.

Q. Some years ago?

A. No so very long. He has used them on his different farming around.

Q. On his different farming around? A. Yes.

Q. When did you last use any of them?

A. I might have used some of them when I was working on these berries.

Q. In 1937 and '38? A. Yes.

Q. That's the last time? A. Yes. [223]

* * * * *

(Testimony of Frank D. Hall)

Q. During the last three years how much of your time have you spent in either dairy farming or the tilling of the soil or the raising of poultry and livestock on that property? A. The last three years?

Q. Yes. A. Since you foreclosed on it?

Q. Yes. A. I haven't spent any.

Q. When did you last spend any time in dairy farming, [226] ing, or the tilling of the soil, or raising poultry or livestock on that property?

A. I think I just testified there was poultry raised there until 1940.

The Commission: The question is when did you spend any time doing it.

Mr. Von Herzen: That wasn't the question, Your Honor.

Mr. North: Yes, it was.

(Discussion.)

The Commissioner: Have you got the question in mind?

A. I think so. It is a question I have answered many times.

The Commissioner: That may be so. Let us see if we can get a good answer now.

A. Not since 1939.

The Commissioner: Not since 1939? A. No.

Q. By Mr. North: Now, I believe that you testified that in 1940 you took \$1250.00 from this property; that is, \$600 in grazing privileges; \$150.00 in apples, and \$50 rental for bees, and \$450.00 hunting privileges, that is correct, is it not? A. Yes.

(Testimony of Frank D. Hall)

Q. You testified further that in 1941 you took \$1100 from the property: \$600 grazing privileges, \$50 bees, \$450 hunting; but no apples during the year 1941. [227]

A. I think that's the year that my wife and my son got the apple money.

Q. Your wife and your son? A. Yes.

Q. In 1941? A. Yes.

Q. Do you know how much those apples brought that year? Do you know of your own knowledge?

A. 1941?

Q. Yes. A. No, I don't.

Q. I believe you testified that in 1942 you took from the property \$808; \$400 grazing privileges, \$50 bees, \$58 apples and \$300 hunting privileges. That is correct, is it? A. Yes.

Q. You stated that you have had no other income from any other source, is that right?

A. Yes, I believe so.

Q. Do you know whether or not your wife has had any other income?

A. I guess she has had some, yes.

Q. She has? A. Yes, in small amounts. [228]

* * * * *

Q. I will ask you whether or not in February, 1941, in the Superior Court hearing, the question on page 200, was asked you—

Mr. Von Herzen: Let us give the reference, please. 200, line what?

Mr. North: Line 19. I will read you the portion I refer to, and ask you whether or not you did so testify?

(Testimony of Frank D. Hall)

“Q. Since 1929 you have lived on this property?

A. I would say that I lived off and on there a couple of years during that period at the first of it, but I did live down here for a while, because I could do [285] better work down here than up there.

Q. Well, you would say since 1937, for instance, you have lived on this property? A. Oh, yes.

Q. You have? A. Oh, yes, absolutely.

Q. Spent your time there?

A. No, I spent most of it running around.”

Mr. Von Herzen: Pardon me. That is incorrect.

Mr. North: What is incorrect?

Mr. Von Herzen: You read it to yourself. Did you get the error?

Mr. North: No.

“A. No, I spent my time, most of it, running around, trying to make sales and looking for prospects for sales. I couldn't sell anything up there, because people don't come up there to buy them. You have to go out and get them.

Q. And since 1937 you have spent the larger part of your time going out and getting purchasers for this property? A. Yes, sir.”

Did you so testify? A. Yes.

Q. Is that true as you testified then?

A. I should think it is. I didn't spend all of my time. I spent a great deal of time.

Q. From 1937 to 1941 you spent the larger part of your time going out and getting purchasers for this property, [286] is that correct?

A. 1941 is when you foreclosed.

(Testimony of Frank D. Hall)

Q. Mr. Hall, you testified in February, 1941?

A. Yes.

Q. And you said at that time:

“Q. And since 1937 you have spent the larger part of your time in going out and getting purchasers for this property? A. Yes, sir.”

Did you so testify?

A. That was your question. You asked me that question.

Q. The question is, did you so testify?

A. Yes, I testified to that.

Q. Was it true when you so testified?

A. With the exception of '41, I guess it was.

Q. During the last three years how have you spent the major portion of your time?

The Commissioner: 1940, 1941 and 1942, is that right?

Mr. North: Yes, Your Honor.

A. A great deal of it in court, and doing things relative to trying to get this obligation paid up.

Q. What did you do trying to get the obligation paid up?

A. I tried in a great many ways to get you paid up, Mr. North.

Q. I asked you, Mr. Hall, what you did in trying to [287] get the obligation paid up.

A. I tried to make sales; tried to borrow money.

Q. Then in 1940, 1941 and 1942 you spent your time in court and in trying to make sales and trying to get the obligation paid up, is that right?

A. Trying to make a sale.

(Testimony of Frank D. Hall)

Q. During those three years the major portion of your time has been used in that way?

A. 1940, 1941 and 1942?

Q. Yes. A. I think so. [288]

* * * * *

Cross Examination [293]

* * * * *

Q. [By the Commissioner]: Did you have cattle in 1927? That's the date the corporation was organized?

A. I may have had a few head.

Q. You had disposed of most of your cattle by that time? A. Yes, sir.

Q. You were living on the property, with your wife, at that time? A. Yes, sir.

Q. You disposed of most of your farming equipment at that time?

A. Well, I did; if I hadn't, I got rid of quite a lot of it when this deal was made with Phillips & Hambaugh. There was a \$5,000.00 tractor sitting in the yard, costing \$5,800.00. We were repairing it, when they went in there and took possession, and without asking my permission they dumped it in the ditch, with all its parts. That put us back quite a bit. [319]

Q. Did you finally sell it—what was left of it?

A. I finally sold it for junk.

Q. So, in 1927 the corporation was organized, still trying to pay off this indebtedness, and you disposed of most of your cattle, most of your farming equipment, and you were living on the property? A. Yes.

Q. Is that a fair statement? A. Yes. [320]

* * * * *

(Testimony of Frank D. Hall)

Redirect Examination

[326]

* * * * *

Mr. North: Petitioner's Exhibit 15, Your Honor,—
You and Mrs. Hall entered into this transfer to the corporation, Farm Home Builders, on the 9th day of April, 1927, and then in July you made this loan from the bank, that is, the Farm Home Builders made the loan from the Pan-American Bank of \$45,000.00, is that correct? A. I don't see the date.

Q. Down below. A. Yes.

Q. Then the Pan-American failed—what date was that, Mr. Robison?

Mr. Robison: July 11, 1929.

Q. By Mr. North: In the middle of 1929 the Pan-American Bank failed, and then the Pan-American Bank and the Farm Home Builders—

Mr. Von Herzen: Was Mr. Robison an officer then?

The Commissioner: That is immaterial, in my opinion, so far as the sequence is concerned.

Mr. North: Was that in 1929 that the Pan-American Bank failed?

Q. By Mr. North: On the first of September, 1927, the Farm Home Builders deeded to the Pan-American Bank, is [334] that correct?

A. I would think so. [335]

* * * * *

MARGUERITE S. HALL,

a witness called by and on behalf of the movant, having been first duly sworn, testified as follows:

Cross Examination

Q. By Mr. North: Mrs. Hall, you are the wife of Frank D. Hall, and one of the debtors here, is that right? A. Yes, sir.

Q. Where do you reside?

A. Where do I reside?

Q. Yes. A. North Hollywood, with my son.

Q. How long have you lived there?

A. Since about the latter part of 1940.

Q. Where did you live before that?

A. At Leona Valley.

Q. You lived in Leona Valley on the property we are talking about? A. On the property.

Q. You had lived there since when?

A. Since 1917. [336]

Q. Continuously?

A. Except those years when we were away, when Phillips and Hambaugh had the subdivision.

Q. That was about three years?

A. It has been stated. I believe two or three years.

Q. Do you know about when that was?

A. Yes, '27.

Q. About 1927? A. Yes.

Q. Has Mr. Hall lived on this property since 1940?

A. I beg your pardon

Q. Has Mr. Hall lived on the property since 1940?

A. Since 1940?

(Testimony of Marguerite S. Hall)

Q. Yes.

A. Back and forth. He has been looking after the property.

Q. Where has he resided since 1940?

A. With my son in North Hollywood.

Q. Do you know when he changed his place of residence?
A. When he came down there?

Q. Yes. A. Yes, sir.

Q. When

A. About the latter part of 1940, when I did. [337]

* * * * *

FRANK D. HALL,

recalled, for further examination. [455]

* * * * *

Q. [By Mr. Hughes]: There are some contracts the Bank is still collecting on which are good, and which they should pay off. Mr. Hall says they are between two and three thousand dollars.

A. I am not sure. I think it would be about that.

(Discussion off the record.)

This matter was here continued until February 26, 1943.

(The proceedings of February 26, 1943, and August 12 and 13, 1943, consisted of argument and discussion, no testimony being taken.) [458]

Los Angeles, California, Monday, September 27, 1943;
10 A. M.

The Commissioner: I notice that the bank's representative is here. Mr. Von Herzen, I have a full photostatic copy of this instrument, complete, and I would like to return this original.

Mr. Von Herzen: No objection, Your Honor.

The Commissioner: Now, gentlemen, the last time we met in this case we were in the midst of determining the amount of the debt on this claim which was filed by the Citizens National Trust & Savings Bank and approved by the Pacific States Corporation. In the interim there has been filed a petition to dismiss, which was filed by the Citizens National Bank as trustee, I believe.

Mr. Von Herzen: May the record show, Your Honor, that I have served objections upon counsel, and am offering now my objections to the petition for dismissal, motion to strike, motion to dismiss, filed by the Citizens National Trust & Savings Bank. And I have prepared my objections in writing, and since the preparation of those objections certain additional objections have come to mind that I will have to make orally, but, not knowing whether or not we were going to have a reporter this morning, I deemed it expedient and proper to have the objections put in writing, so that a record may be before the Commissioner.

The Commissioner: In addition to the objections filed, [459] you are going to follow through with other written objections?

Mr. Von Herzen: Yes, Your Honor. My belief is, Your Honor, that maybe we can dispose of this matter on the objections filed, but, if that doesn't appear to be

the proper order of procedure to Your Honor, I would like to expand the objections to include an additional one which I would like to file. In my own mind, I am confident that the objections as filed are probably controlling, in any event, but if there is any question about it I would like to file an additional one.

The Commissioner: Well, I am looking at the petition.

Mr. North: Perhaps it would simplify the matter, Your Honor, if I withdraw the motion at this time to dismiss the petition for the application of funds, withdraw the motion to dismiss that petition, and let the petition stand, and I do that at this time.

Mr. Von Herzen: Your Honor, I don't believe Mr. North is in a position to make that request, unless he joins with the persons who now appear representing the Citizens National Trust & Savings Bank.

The Commissioner: We have two matters before us, as I announced. Now, you may proceed in this way: The petition for dismissal having been filed, and it being proper to file that petition at any time, it will have to be disposed of. If I would grant the petition, naturally the hearing which we have been conducting on the amount of the debt would fall; [460] I would see no reason for going on with it. On the other hand, if I deny the petition, it will continue. However, I will want to hear what the petitioner's point is, and also listen to your objections, and possibly will take that matter under advisement. I don't think you will have a great deal more, will you, Mr. Sondel, in your argument? You were about ready, I think, to turn it over to Mr. North.

Mr. Sondel: In fact it has been turned over.

The Commissioner: And then it will come back to you for rebuttal.

Mr. Sondel: Yes.

The Commissioner: I think, in order to save time, we had better go right ahead upon the petition.

Mr. Von Herzen: Here is a copy.

Mr. Cusack: I think I have a copy.

The Commissioner: I carefully put everything away. Will this handicap you?

Mr. Cusack: I would still have my yellow copy.

The Commissioner: Very well. I will return this to you when I return the others.

Mr. Cusack: We have three matters, if Your Honor please. The first is a petition to dismiss the proceeding on the ground that the debtors are not the owners of the real property described in the petition.

Second, a motion to dismiss, upon the ground that the debtors or either of them are not farmers within the meaning [461] of the Act. And, third, a motion to strike from the petition and schedules the description of the real property of which the bank is the owner.

The Commissioner: Now, having heard your petition to dismiss the proceedings on the ground that the debtor is not a farmer, do you consider that that petition would be in order?

Mr. Cusack: It goes to the jurisdiction of the court, and we have several authorities to the effect that that matter may be raised at any time.

As far as the facts are concerned, I assume that the evidence will be the same, but we are making it for and on behalf of a party who was not a party to the other proceeding, and it goes to the question of jurisdiction, and it seems to me it could be raised at any time.

The Commissioner: In other words, you are raising it as a proposition of law.

Mr. Cusack: I am perfectly *will* to submit it on the testimony taken by the other side and on the affidavit which we filed, and then we can present our authorities in the matter and present counsel a copy, and then we can proceed on the petition to dismiss on the ground that they are not the owners of the real property.

The Commissioner: Well, let us proceed, and I will determine whether I will rule that that is out of order at this time. I don't want to shut you off, so you go right ahead. [462]

Mr. Cusack: I think we should start, then, on the petition to dismiss upon the ground that the debtors are not the owners of the real property.

The Commissioner: Very well.

Mr. Cusack: There has been no answer to the petition filed, and I assume it will be stipulated that paragraph 1 of the petition is true, that "Petitioner is a National Banking Association organized and existing under the laws of the United States of America and having its principal place of business in the City and County of Los Angeles, State of California."

Mr. Von Herzen: If we are going to engage in any stipulations, I would like to have a stipulation that Mr. Cusack and his firm are engaged in this matter by the Pacific States Corporation, and not the Citizens National Savings Bank, and arrangements are made with the Pacific States Corporation, and not the Citizens National Trust & Savings Bank. I understand counsel is willing to so stipulate, the materiality of it, however, to be determined by the court.

Mr. Cusack: We are not willing to represent that we are representing the Pacific States Corporation. We are representing the Citizens National Trust & Savings Bank

of Los Angeles. I think there is an arrangement between the Citizens National Trust & Savings Bank and some other party—I don't know whether it is the Pacific States Corporation or who it is—that any expenses incurred will not be borne by [463] the Citizens National Trust & Savings Bank.

The Commissioner: Gentlemen, that is all immaterial. You are here representing a party, and if the party is a proper party, that is satisfactory. What arrangements clients have has nothing to do with it at this time. Go ahead and proceed to get your stipulations in regard to the original facts as to corporate capacity. Is there any question about the corporate facts?

Mr. Von Herzen: I don't want to have Your Honor pre-judge the matter, but I would like to have that stipulation along with the others. In bankruptcy matters, the question of who the attorneys appearing before the referee represent is not only a material matter, but is very frequently determinative of interest, and is so acknowledged, and habitually, you might say, a matter of inquiry in ordinary bankruptcy. I don't want Your Honor to feel that I am insisting upon this when Your Honor does not want to hear it, but I don't want Your Honor to pre-judge the matter, because I think it will be shown that it is material. I don't want Your Honor to fix in your mind that it is immaterial at this moment or any other time in this proceeding.

The Commissioner: I suppose you will be having something to say about that later on, but at the present time I have counsel appearing before me on behalf of a party whose name is on a creditor's claim, and counsel has a right to appear. Now, what arrangement there may be between that counsel [464] and other counsel is some-

thing that we can discuss later on, if you think there is some arrangement between the Pacific States Corporation and the Citizens National Trust & Savings Bank.

Mr. Von Herzen: Of course, the situation is this, Your Honor, that, assuming the facts that I have suggested be stipulated to are correct, and assuming further the additional fact that the Citizens National Trust & Savings Bank does not claim the property for itself or the profits thereof for itself, coupled with the fact that the vice-president of the Citizens National Bank appeared in this matter as a witness, and that representatives of the bank have been present at the hearings at all times, if those facts be true and may be stipulated to, we are actually wasting a great deal of time, because the matter is completely determined then and we don't have to proceed further. I feel just like Your Honor. I want counsel to have his full day in court, and so forth and so on, but the matter having been presented by the real party in interest, it being an adversary proceeding, and not a default, and it having been completely gone into in detail over the period of weeks and months, with representatives of the Citizens National Bank as witnesses and as observers in the courtroom during all of that time—I don't want to go too far in what I say about it, and will restrain myself, but at the same time it appears that the very thing that probably we may have mentioned at the time, that counsel for [465] the third party in interest wanted me to waive the findings of fact is what has occurred here now. Possibly my consenting to the waiver of those findings of fact is the reason that they have seen fit to file this petition today. I feel as if I have been taken advantage of, frankly. [466]

Los Angeles, California, Monday, October 4, 1943;
10 A. M.

The Commissioner: Are you ready to proceed?

Mr. North: Yes.

The Commissioner: We are back now on the hearing on the matter of interest. I am somewhat handicapped because my notebook that contains all my notes is at my office.

(Discussion.)

Mr. North: I will ask Mr. Horstmann to take the stand. [517]

* * * * *

Afternoon session; 2:00 o'clock.

The Commissioner: Gentlemen, I want to make a statement in regard to the exhibits so there will be no confusion.

This morning there were introduced in evidence four letters. We put them in as one exhibit. They will be known as Debtor's Exhibit 2-10.

At this point in the record I point out that this is a continuation of the hearing which started on August 12, 1943, and in between there was a hearing on the petition of the Citizens National Trust & Savings Bank, as Trustee, which hearing started on September 27, 1943. As I recall, it ended the same day, did it not?

Mr. Von Herzen: It ended the same day, Your Honor.

The Commissioner: Each one of these exhibits as filed bears the number of the case and the party whose exhibit it is, the exhibit number and the date that it was filed, together with my name as the Commissioner.

So by looking at the date of the filing of the exhibit that will correspond with the date of the hearing, and we will know which hearing it was. [532]

* * * * *

Los Angeles, California, Tuesday, October 5, 1943;
10:00 A. M.

The Commissioner: Gentlemen, are you ready to proceed in this matter?

(Discussion.)

Mr. Sondel: I presume Mr. Horstmann has the original records of the bank that Mr. MacFarlane had yesterday. [568]

* * * * *

Los Angeles, California, October 14, 1943; 10:00
o'clock A. M.

Appearances:

C. P. Von Herzen, Esq., and David A. Sondel, Esq.,
for Debtor.

Derthick, Cusack & Ganahl, by William J. Cusack, Esq.,
for Citizens National Trust & Savings Bank, Trustee.

Richard L. North, Esq., for Pacific States Corporation.

Mr. North: Mr. Cramer is here and he is anxious to get away, and I will ask that we put him on now and ask him the necessary questions.

The Commissioner: Very well. Have you been sworn, Mr. Cramer?

Mr. Cramer: No, Your Honor.

* * * * *

[Endorsed]: Filed Jun. 18, 1946. [631]

[PETITIONERS' EXHIBIT NO. 1]

In the Superior Court of the State of California
in and for the County of Los Angeles

No. 457525

Action brought in the Superior Court of the County of
Los Angeles, and Complaint filed in the Office of the
Clerk of the Superior Court of said County.

Frank D. Hall, Marguerite S. Hall, and Farn Home
Builders, Incorporated, a corporation, Plaintiffs, vs. Citizens
National Trust & Savings Bank of Los Angeles, a
national banking association, Title Insurance and Trust
Company, a California corporation, Pacific States Corporation,
a California corporation, John Doe I, John Doe II,
Mary Doe I, Mary Doe II, John Doe Corporation,
a California corporation, Defendants.

SUMMONS

The People of the State of California Send Greetings to:
Citizens National Trust & Savings Bank of Los
Angeles, a national banking association, Title Insurance
and Trust Company, a California corporation,
Pacific States Corporation, a California corporation,
John Doe I, John Doe II, Mary Doe I, Mary Doe II,
and John Doe Corporation, a California corporation,
Defendants.

You are directed to appear in an action brought against
you by the above named plaintiff..... in the Superior Court
of the State of California, in and for the County of Los
Angeles, and to answer the complaint therein within the
days after the service on you of this Summons, if served
within the County of Los Angeles, or within thirty days

(Petitioners' Exhibit No. 1)

if served elsewhere, and you are notified that unless you appear and answer as above required, the plaintiff..... will take judgment for any money or damages demanded in the Complaint, as arising upon contract, or will apply to the Court for any other relief demanded in the Complaint.

Given under my hand and seal of the Superior Court of the County of Los Angeles, State of California, thisday of Nov. 4 - 1940, 1940.

(Seal of Superior Court
Los Angeles County)

L. E. LAMPTON,

County Clerk and Clerk of the Superior Court of the State of California, in and for the County of Los Angeles.

By M. F. GIFT

Deputy.

Appearance: "A defendant appears in an action when he answers, demurs, or gives the plaintiff written notice of his appearance, or when an attorney gives notice of appearance for him." (Sec. 1014, C. C. P.)

Answers or demurrers must be in writing, in form pursuant to rule of court, accompanied with the necessary fee, and filed with the Clerk.

* * * * *

(Petitioners' Exhibit No. 1)

In the Superior Court of the State of California
in and for the County of Los Angeles

No.

Frank D. Hall, Marguerite S. Hall, and Farm Home Builders, Incorporated, a corporation, Plaintiffs, vs. Citizens National Trust & Savings Bank of Los Angeles, a national banking association, Title Insurance and Trust Company, a California corporation, Pacific States Corporation, a California corporation, John Doe I, John Doe II, Mary Doe I, Mary Doe II, John Doe Corporation, a California corporation, Defendants.

COMPLAINT TO ENJOIN SALE OF REAL PROPERTY;
FOR REFORMATION OF INSTRUMENTS;
FOR DECLARATORY RELIEF; FOR
ACCOUNTING; ETC.

Now come the plaintiffs, and for their complaint against the defendants allege:

FIRST CAUSE OF ACTION

I.

Plaintiffs, Frank D. Hall and Marguerite S. Hall, now are, and at all of the times hereinafter alleged were, husband and wife; that prior to the incorporation of plaintiff, Farm Home Builders, Incorporated, under the laws of the State of California on January 13th, 1927, said Frank D. Hall and Marguerite S. Hall were the owners of the real property situated in Los Angeles County, California, and described in that one certain Deed of Trust referred to in Paragraph II hereof; that

(Petitioners' Exhibit No. 1)

said Frank D. Hall and Marguerite S. Hall had caused said Farm House Builders, Incorporated, to be organized for the purpose of taking and holding title to said real property, and that upon the incorporation of said plaintiff corporation, said Frank D. Hall and Marguerite S. Hall transferred and conveyed all of said real property to said plaintiff corporation in exchange for shares of the capital stock of said corporation; that thereafter, the Corporation Commissioner of the State of California cancelled the permit authorizing the transfer of said capital stock and thereupon, in order to restore and re-vest title in and to said real property in said Frank D. Hall and Marguerite S. Hall, said plaintiff corporation, on or about December 12, 1932, by an instrument in writing, transferred and assigned said real property and all of its beneficial interests therein and all of its right, title and interest thereto to plaintiffs, Frank D. Hall and Marguerite S. Hall, and that said Frank D. Hall and Marguerite S. Hall ever since have been, and now are, the owners of said real property and the beneficial interests therein, excepting only as is hereinafter set forth.

That defendant, Citizens National Trust & Savings Bank of Los Angeles, hereinafter called Citizens Bank, is a national banking association, with its principal office at Los Angeles, California; that defendant, Title Insurance and Trust Company, hereinafter called Title Company, is a corporation organized under the laws of the State of California, with its principal office at Los Angeles, California; that defendant, Pacific States Corporation, is a corporation organized under the laws of

(Petitioners' Exhibit No. 1)

the State of California, with its principal place of business at Los Angeles, California.

That defendant, John Doe Corporation, is a corporation organized under the laws of the State of California, with its principal office at Los Angeles, California; and that the correct names of John Doe I, John Doe II, Mary Doe I, and John Doe Corporation, are unknown at this time to the plaintiffs, and that upon ascertainment of the correct names of such defendants, application will be made by plaintiffs to amend this complaint accordingly.

II.

On July 30th, 1927 at Los Angeles, California, the plaintiff corporation executed and delivered to Pan American Bank of California, a banking corporation, at Los Angeles, its promissory note in the sum of \$45,000.00, a copy of which is attached hereto as Exhibit "A" and made a part hereof; that concurrently therewith, plaintiff corporation executed and delivered to said Pan American Bank its Deed of Trust dated July 30th, 1927 to secure the payment of said promissory note, a copy of which Deed of Trust is attached hereto as Exhibit "B" and made a part hereof; that plaintiff corporation is named the Trustor and defendant Title Company is named Trustee and Pan American Bank of California is named Beneficiary in said Deed of Trust; and that said Deed of Trust was recorded on August 20, 1927 in the office of the County Recorder of Los Angeles County, in Book 7684, at Page 131, Official Records, Los Angeles County, California.

(Petitioners' Exhibit No. 1)

III.

That defendant, Title Company, named as Trustee in the Deed of Trust, referred to as Exhibit "B" hereof, has at no time resigned or withdrawn as Trustee and now is the sole and acting Trustee of said Deed of Trust; and that said Deed of Trust has never been released or discharged, excepting only as to forty-eight separate parcels or portions of the real property therein.

IV.

That concurrently with the execution of said note and Deed of Trust, referred to in Paragraph II, the plaintiff corporation and Pan American Bank of California executed a Declaration of Trust wherein the Pan American Bank was named as Trustee and Beneficiary of the same real property described in the Deed of Trust securing the aforesaid promissory note; that the express purpose of said Declaration of Trust was to subdivide, improve and sell the real property described in said Deed of Trust (and being the same property described in said Declaration of Trust), in order to obtain sufficient funds with which to pay said promissory note out of the proceeds of such sales, and the residue and balance thereof to be delivered and transferred to the plaintiff corporation or its successors and assigns; that said Declaration of Trust contained provisions for releases of portions of said real property according to a schedule therein set forth and that said Deed of Trust contained a provision that it was subject to the provisions for the release of portions of said property as per a schedule contained in the said Declaration of Trust.

(Petitioners' Exhibit No. 1)

V.

That at all times during which plaintiff corporation was actually engaged in business, plaintiff Frank D. Hall was the President and Managing Agent thereof, and during all periods of time when said plaintiff corporation was inactive, and after the conveyance of said real property by plaintiff corporation to plaintiffs, Frank D. Hall and Marguerite S. Hall, plaintiff Frank D. Hall had complete charge, supervision and control over the sales of said real property.

That between the date of the execution of said note and Trust Deed and the 2nd day of December, 1929, numerous parcels of said real property were sold under contract and in fee simple, and in numerous instances releases of such parcels of real property were executed by defendants, Title Company and Citizens Bank, releasing and discharging said parcels of real property from said Deed of Trust and from said Declaration of Trust.

VI.

That prior to December 2, 1929, Pan American Bank of California became unable to perform its duties under the Declaration of Trust of July 30th, 1927, by reason of the fact that it had been taken over by the Superintendent of Banks of California for liquidation; that on December 2nd, 1929, a Declaration of Trust, bearing No. 5873 was executed between the plaintiff corporation as Trustor and Beneficiary, defendant Citizens Bank as Trustee, and Pan American Bank as First Payee, a copy of which Declaration of Trust is attached hereto as Exhibit "C" and made a part hereof.

(Petitioners' Exhibit No. 1)

VII.

That said Declaration of Trust No. 5873, among other things, recites:

(a) "Whereas, the Trustor has caused to be conveyed to the Trustee that certain real property, situate in the County of Los Angeles, State of California, and more particularly described in Exhibit "A", attached hereto and mad a part of this Declaration of Trust".

That said allegations were and are false and untrue, in that at said time, or at any time prior thereto, the Trustor had not caused any real property to be conveyed to the Trustee, and that said Trustor had at no time conveyed any real property to the Trustee; and that Exhibit "A" attached to said Declaration of Trust does not contain any description of any real property with sufficient particularity or clarity to enable any real property to be identified or located in any respect whatsoever.

(b) "The Farm Home Builders, Incorporated, are indebted to the Pan American Bank of California, as evidenced by one certain promissory note."

That said recital was and is false and untrue in that on and prior to December 2nd, 1929, the indebtedness of said plaintiff corporation to the Pan American Bank of California was much less than the sum of \$45,000.00, the face or principal amount of said note, many and numerous payments of principal having been made in reduction of the principal sum of said note, the exact amounts of which are unknown to the plaintiffs, but are within the knowledge of the defendants, and each of them.

(Petitioners' Exhibit No. 1)

(c) "The Trustee hereby certifies and declares that it holds and will hold such title to the Trust property hereinbefore described, as has actually been conveyed to it in Trust."

That such recital is false and untrue in that no real property of any kind had on or prior to December 2nd, 1929 been transferred or conveyed to the defendant, Citizens National Trust & Savings Bank of Los Angeles, as Trustee, by plaintiff corporation or by Pan American Bank of California.

(d) "This Trust shall continue to and until the sale and/or disposition in fee of all the property subject to this Trust and the distribution of all proceeds thereof, in accordance with the terms hereof, or until terminated by written direction to the Trustee, signed by all parties in interest, or until the date of the death of the last to die of the following named persons: Edmond B. Tracy, Ann Louise Tracy, and Carmen Lillian Gould, whichever event shall happen first."

That none of said events has occurred or happened.

VII.

That on or about January 7th, 1930, the Pan American Bank and M. M. Ewing, as Special Deputy Superintendent of Banks of the State of California in charge of the liquidation of the said Pan American Bank of California, executed a Grant Deed to defendant Citizens Bank, which was recorded in the office of the Recorder of Los Angeles County, on January 17th, 1930, in Book 9691, at page 133, Official Records, describing certain portions of the real property described in the Deed of Trust hereinbefore

(Petitioners' Exhibit No. 1)

referred to as Exhibit "B" hereof, and plaintiffs allege that it was the express plan, purpose and intention of said Pan American Bank, and the Superintendent of Banks of the State of California in charge of the liquidation of said Pan American Bank, to transfer to said Citizens Bank as Trustee whatever right, title and interest said Pan American Bank, and the Superintendent of Banks, had in the portions of the real property described in said Grant Deed, in order that said Citizens Bank as Trustee under Declaration of Trust No. 5873 could perform its duties therein; and that from time to time after January 7th, 1930 numerous and divers lots and parcels of real property described in Deed of Trust (Exhibit "B"), and likewise described in said Grant Deed, were sold, and contracts therefor were issued, and deeds were delivered, and releases were executed, and payments for said lots and said contracts were made, and the cash received from such sales and contracts were applied by the defendants, Title Company and Citizens Bank, to the reduction of the principal of said note and in payment of the interest of said note; and that the plaintiffs do not know the exact or respective amounts and dates of payments and applications of principal and interest, and the times and manner and amounts of reductions of said principal sum and interest, but allege that all of said information is within the express knowledge of the defendants, and each of them.

IX.

That upon the execution and delivery of the Declaration of Trust No. 5873, it was the mutual plan, purpose, intention and policy of all of the parties thereto and of

(Petitioners' Exhibit No. 1)

the defendant, Title Company, that the time of the payment of the unpaid principal sum of the promissory note, Exhibit "A", and the interest thereon, should be suspended, extended and continued until such time and times as payments thereon could be made from the proceeds to be derived from the sales of parcels of the real property described in the Deed of Trust, Exhibit "B", and that the maturity date of said promissory note should and would be accordingly considered, deemed and regarded as modified, amended, extended and reformed, in order to carry out and effectuate the aforesaid mutual plan, purpose, intention and policy of all of said parties; that thereafter, various and numerous payments were made to and applied by said defendants, Title Company and Citizens Bank, from the proceeds of sales of parcels of said real property and that upon each and all of said occasions said Title Company and Citizens Bank made application either in reduction of the principal sum of said note or in payment of interest, all in their own discretion, and all of such sums of money were derived exclusively from the sales of parcels of said real property; that such practice, understanding, arrangement, agreement and custom continued uninterruptedly from the 7th day of January, 1930 to on or about June 1st, 1940, notwithstanding the fact that said note, according to the tenor thereof, matured on July 30th, 1932; that at no time prior to on or about June 1st, 1940 did the defendants, Title Company or Citizens Bank or Pan American Bank or the Pacific States Corporation, or any other person claiming to be the assignee of said Pan American Bank, or any of them, claim, assert, declare or allege that the unpaid principal

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sum of said note, or any unpaid interest thereon, had matured or become due on July 30th, 1932, but on the contrary, from and after July 30th, 1932, and continuously up to on or about November 1st, 1939, defendants, Title Company and Citizens Bank, and the Pan American Bank in liquidation, and thereafter to on or about June 1st, 1940, said defendants, Title Company and Citizens Bank, continued to receive payments derived from the proceeds of the sales of real property and to apply the same in the reduction of the principal sum of said note and the payment of interest thereon the same manner and according to the same practice which had been adopted and used by the Citizens Bank and Title Company, and each of them, prior to July 30th, 1932, and said Title Company and Citizens Bank and the plaintiffs continued to operate under the respective Trusts (Deed of Trust dated July 30th, 1927 and Trust No. 5873) after July 30th, 1932 in the same general manner as prior thereto.

X.

Pursuant to the mutual plan, purpose, program, intention and policy described in Paragraph IX hereof, and in recognition and acknowledgment of the fact that the maturity of said note had been extended and suspended as hereinbefore set forth, the defendant, Citizens Bank and plaintiff corporation, for and in behalf of plaintiffs, Frank D. Hall and Marguerite S. Hall, and Pan American Bank in liquidation, on or about October 28th, 1935 entered into a written Amendment to Declaration of Trust No. 5873, a copy of which is attached hereto as

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Exhibit "D" and made a part hereof, the primary purpose of which was to change the schedule of minimum selling and release prices, all for the express purpose, plan and intention that said plaintiffs should continue after October 28th, 1935 to sell parcels of real property described in the Deed of Trust, Exhibit "B", and to have the proceeds derived therefrom applied by the Citizens Bank and the Title Company in payment of the principal sum and interest on the promissory note, and that upon and after the execution of said Amendment of October 28th, 1935, all of the parties thereto and plaintiffs, Frank D. Hall and Marguerite S. Hall, acted thereunder and in pursuance thereof, and that except for the change in the schedule of minimum selling and release prices, each and all of said parties continued to operate under said Declaration of Trust No. 5873 in the same manner as they had operated prior to uly 30th, 1932.

XI.

That on or about February 9th, 1939, a second amendment to said Declaration of Trust No. 5873 was made and entered into between Citizens Bank, the plaintiff corporation, plaintiffs Frank D. Hall and Marguerite S. Hall, and Pan American Bank in liquidation, a copy of which is attached hereto as Exhibit "E" and made a part hereof; that the primary purpose of said Second Amendment was to again amend and modify the release prices of the property then remaining in said Trusts, in order facilitate the sale thereof, and that said amendment so expressly provided in the following words: "Whereas,

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it is now desired to again amend and modify the release prices of the property now remaining in said Trusts in order to facilitate the sale thereof"; that it was then the continuing mutual plan, purpose, intention, program and policy of the parties to said amendment and the Title Company that the plaintiffs, Frank D. Hall and Marguerite S. Hall, should continue to sell and dispose of the real property described in said Deed of Trust and that from the proceeds derived from such sales, payments should be made on said note in reduction of the principal sum and in payment of interest; and that except only for the change in the schedule of such release prices, the parties thereto, and the Title Company, were to and should continue to act and perform their respective duties and functions under said Declaration of Trust in the same manner and for the same purpose as prior to July 30th, 1932, and that when each of said amendments was adopted, agreed to and executed, it was the mutual plan, purpose, intention, program and policy of all of the parties thereto and of the Title Company that notwithstanding the maturity date set forth in the promissory note, the time of payment of such promissory note should be suspended, extended and continued until such time and times as payment thereon could be made from the proceeds of sales of parcels of real property according to the respective minimum selling prices and release prices set forth from time to time, until the sale of sufficient parcels of real property should be made to realize enough funds with which to pay said note; and that such mutual understanding continued uninterruptedly until on or about June 1st, 1940.

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XII.

That on or about November 2nd, 1939, the Pan American Bank, then in liquidation, executed and delivered two separate documents through the Superintendent of Banks, one designated "Assignment of Beneficial Interest", and the other designated "Assignment of First Payee's Interest", a copy of each of which is attached hereto as Exhibits "F" and "G" respectively, wherein and whereby said Pan American Bank in liquidation, through the Superintendent of Banks, purported and pretended to transfer to defendant, Pacific States Corporation, the right, title and interest of said Pan American Bank as set forth in said instruments; that said Pacific States Corporation did not at any time purchase said assets from said bank in liquidation; that said bank in liquidation did not at any time sell said assets to said Pacific States Corporation; that said Pacific States Corporation professed to hold and have a chose in action against the Pan American Bank in liquidation, and said assignments were delivered by the Superintendent of Banks to Pacific States Corporation in an attempt to compromise such claim or chose in action; that said transfers, and each of them, were made in violation of and contrary to law in that the Pan American Bank in liquidation was not empowered or authorized by law, as is provided by Section 136 of the Bank Act, or otherwise, and the Superintendent of Banks, and the Deputies or Special Deputies of the Superintendent of Banks, were not authorized or empowered by law to make any such transfer or assignment in the manner or for the purposes in this paragraph set forth; and that at no time was

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the promissory note or the Deed of Trust, dated July 30th, 1927, transferred, sold or assigned to Pacific States Corporation, and that said Pacific States Corporation at no time acquired title or ownership thereof, and is not now the owner or holder thereof or of any interest or equity therein.

XIII.

That on or about June 7th, 1940, defendant Citizens Bank transmitted by mail to plaintiff, Frank D. Hall, a letter in words as follows:

"June 7, 1940 Trust 5873

Mr. F. D. Hall
Leona Valley Via
Palmdale, California

Dear Mr. Hall:

This is to advise that the other day we received a notice from the Pacific States Corporation of certain events of default heretofore occurring on the former Pan American Bank obligation now held by them and requesting us, as Trustee under our above Trust, to declare all obligations due them, as Payee under said Trust, together with interest thereon, immediately due and payable and forthwith proceed to a foreclosure under the Declaration of Trust. We were also requested to make demand upon you for the payment to us, as Trustee, of all funds received by you from renting portions of the Trust property for pasturage, crops, and shooting rights.

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Accordingly, demand is herewith made upon you for the payment immediately to us of all amounts due under the Trust Deed obligation, with interest thereon as therein provided, and for all rentals received by you as above stated, and you are further advised that we are proceeding to prepare a Notice of Beach and Deault under said Declaration of Trust in accordance with the request of said Pacific States Corporation, as Payee under our above numbered Trust.

Very truly yours,

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

By Carl P. Smith

HC DA

Vice President and Trust Officer"

That at said time Pacific States Corporation had no authority to make or issue any orders or directions or instructions to said Citizens Bank respecting the real property or Deed of Trust or Declaration of Trust hereinbefore referred to; that at such time Pacific States Corporation had no authority to declare any defaults of any kind due and that at such time there were no defaults of any kind in respect to said Declaration of Trust or said Deed of Trust, and that at such time, and at all times prior thereto, defendant Citizens Bank well knew that there was no default of any kind under said Deed of Trust, or under said Declaration of Trust, and that the transmittal by defendant Citizens Bank of such letter was in violation of and contrary to all of the mutual agreements, understanding and consents heretofore set forth respecting the suspension and extension of the

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maturity date of the promissory note hereinabove referred to, and that all of such acts of said defendant Citizens Bank were done and made in bad faith and for the express purpose of depriving the plaintiffs of their right, title, interest and equity in and to the real property hereinbefore described, and in direct breach of the duties and obligations of said Citizens Bank as Trustee.

That on or about the 3rd day of July, 1940, defendant Citizens Bank filed for record in the office of the Recorder of Los Angeles County, California, a "Notice of Breach of Obligation and of Election to Sell Trust Property", a copy of which is attached hereto as Exhibit "H" and made a part hereof; that said Notice of Breach contains, among other things, the following recitals:

(1) "Whereas, the interest of said Pan American Bank of California, a Corporation, was subsequently acquired by the State Superintendent of Banks of the State of California in *proceed* of liquidation of said Bank, and was by said Superintendent of Banks on November 2, 1939, duly assigned to Pacific States Corporation, a Corporation, said last named corporation being now the owner and holder of said note and Party of the Third Party's beneficial interest in and under said Declaration of Trust";

That the recital that the Pacific States Corporation is and was the holder and owner of said note was and is false, untrue and incorrect, as hereinbefore alleged, and that said Pacific States Corporation is not now and at no time has been the owner and holder of said note or of any beneficial interest in said Declaration of Trust;

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that at no time has any instrument been made, executed or delivered by any one or at all transferring or assigning to any one the Deed of Trust hereinbefore referred to as Exhibit "B", or the note securing the same, and that said note is now in the possession and under the exclusive control of the defendant, Title Company.

(2) "Whereas, said Declaration of Trust provides, among other things, that the Trustor caused to be conveyed to Trustee in trust with power of sale certain real property situate in the County of Los Angeles, State of California, the property so conveyed being described in that deed dated January 7, 1930, executed by the Pan American Bank of California, a Corporation, in favor of Citizens National Trust & Savings Bank of Los Angeles, recorded January 17, 1930, in Book 9691 at Page 133 of Official Records of said County, which property, except those portions thereof heretofore conveyed by said Trustee, by the deeds described in Exhibit A attached hereto, now forms the remaining corpus of said Trust";

That said recital is false, untrue and incorrect in respect to the property which now forms the remaining corpus of said Trust; that in many instances, certain parcels of real property have been sold to purchasers, but that such parcels have not yet been conveyed by any deeds and that such parcels of real property are subject to the rights of the purchasers under said outstanding agreements of sale.

(3) "Said Beneficiary covenants and agrees to deposit with Trustee all sums necessary for the payment of items

(Petitioners' Exhibit No. 1)

shown in Article III of said Declaration of Trust, said items including, among others, payment of taxes, assessments and other liens or encumbrances upon the trust property”;

That said recital is false, untrue and incorrect in respect to the asserted claim that the Beneficiary is under all circumstances obliged and required to deposit money to pay taxes, assessments and other liens, and reference is made to said Declaration of Trust to demonstrate such falsity of said recital.

(4) “Whereas, default of said Trustor and/or Beneficiary, Farm Home Builders, a Corporation, under said Declaration of Trust, having heretofore occurred with respect to the following events:

1. Said Trustor and/or Beneficiary has failed and neglected to pay the remaining unpaid principal balance of said Trust Deed Note and obligation in the original sum of \$45,000.00, said remaining unpaid principal balance being in the sum of \$23,921.52, which matured and became due and payable on July 30, 1932;

2. Said Trustor and/or Beneficiary has also failed and neglected to pay the installment of interest on said Promissory Note and obligation which became due and payable on April 30, 1932, nor has any portion thereof since been paid, except the sum of \$363.85, which was applied on account of interest on August 23, 1937. No further payments of interest have been made on said obligation.

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3. Trustor and/or Beneficiary has also failed and neglected to pay the regular installments of general and special State and County taxes on the property covered by said Declaration of Trust subsequent to 1931-32, save and except a payment of \$436.56 paid by said Trustee on September 27, 1938, and also a payment of \$278.97 paid by said Trustee on March 20, 1939.

4. Said Trustor and/or Beneficiary has also failed and neglected to proceed with all due diligence to sell the unsold portion of the trust property, upon the terms and conditions provided in said Declaration of Trust, as therein provided."

That said recital is false, untrue and incorrect in respect to each and every one of the alleged events of default; that plaintiffs are informed and believe, and therefore allege, that the unpaid principal is less than \$23,921.52, but the exact amount is unknown to the plaintiffs, and such amount cannot be determined without an accounting, and an accounting cannot now be made by the plaintiffs, or any of them, because of lack of information from said Trustee as to the facts and application of funds received by said Trustee: and that plaintiffs allege that none of the unpaid principal sum is past due or in default; plaintiffs further allege that the defendant Citizens Bank has continuously refused to give to plaintiffs, or any of them, an accounting of the trust receipts applicable to the payment of interest, or of the manner of application of any funds for the payment of interest, and plaintiffs are informed and believe, and therefore allege, that if correctly applied, the receipts

(Petitioners' Exhibit No. 1)

applicable to the payment of interest were and are sufficient to satisfy in full all interest on the unpaid principle for a period far subsequent to April 30th, 1932; and plaintiffs further allege that if all interest has not been paid, the payment of interest was not and is not due, and is not now in default by reason of the mutual understanding and agreement of the parties as hereinbefore set forth; that plaintiffs allege that the Citizens Bank by and with the express consent and approval of all parties to the Declaration of Trust, Exhibit "C", has heretofore arranged for the payment of delinquent taxes under the ten year installment plan, and that this arrangement has been carried out and has been sufficient to in all respects protect the trust property, and that the Trustee has at all times concluded and deemed that such arrangement for the payment of taxes was sufficient for the protection of the trust property, and that the plaintiffs are not in default in any respect in the matter of the payment of taxes and assessments, and plaintiffs deny that they, or any of them, have in any manner failed or neglected to proceed with all due diligence to sell the unsold portions of the trust property, but on the contrary allege that the plaintiffs, and particularly plaintiff Frank D. Hall, have exercised due diligence in all respects and have faithfully attempted to sell the parcels of the unsold portion of said property, and further allege that the Citizens Bank has arbitrarily failed, neglected and refused to cooperate with said plaintiffs, or any of them, and has in many instances failed, neglected and refused to approve and carry out contracts and negotiations successfully concluded by the plaintiffs, and by their agents or representatives, for the sale of parcels of real property

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at prices in excess of the stipulated minimum prices and release prices, and that if said Trustee had accepted and approved said contracts, and had cooperated with the plaintiffs in the sale of such parcels, large and substantial sums of money would have been received by the Trustee in the performance of such contracts, so that said Trustee would have had additional funds and moneys with which to pay taxes, interest and principal.

XIV.

That said Notice of Breach of Obligation is further defective in that it does not contain a full and complete description of all of the trust property remaining in the Trust and over which it claims to have power to sell, and such omission refers not only to a description of the real property remaining in the trust, but also to a description of the real property covered by the agreements of sale and the present status of said agreements, all of which constitute a substantial portion of the trust assets.

That in said Notice of Breach, the Citizens Bank alleges its intention to sell the trust property "to the highest and best bidder for cash in gold coin of the United States"; and that since said payment in gold coin is prohibited by law, the sale of property on such terms is impossible.

XV.

That on the 17th day of October, 1940, and at numerous times thereafter, the defendant Citizens Bank caused to be published and posted a Notice of Trustee's Sale, a copy of which is attached hereto as Exhibit "I" wherein certain portions of the trust property described in the Deed

(Petitioners' Exhibit No. 1)

of Trust is set forth in said Notice of Trustee's Sale; that said Notice of Trustee's Sale contains all of the false, untrue and incorrect recitals heretofore referred to and set forth in the Notice of Breach of Obligation, and which are referred to in Paragraph XIII; and that in addition thereto, the said Notice of Sale does not contain a full and complete, or any description, of the real property described in the Agreements of Sale heretofore referred to, or of the status of said agreements, and that all of such information is required and is necessary to enable a valid sale to be made.

XVI.

That the Citizens Bank has ever since the 17th day of October, 1940, continuously threatened to sell the real property described in the Deed of Trust, Exhibit "B", and which was and is inadequately and improperly described in Exhibit "I", and unless restrained and prohibited by this Court, said defendant Citizens Bank will sell such property on the 13th day of November, 1940, at the hour of eleven o'clock A. M., at the eastern entrance of the Hall of Justice in the City of Los Angeles, County of Los Angeles, State of California.

XVII.

That no breach of any kind has in fact occurred at any time, or at all, and that none of the plaintiffs are in any default whatsoever respecting said note, Deed of Trust, or Declaration of Trust; that the Pacific States Corporation, prior to the execution of assignments, Exhibits "F" and "G", had inspected the files of the defendant Citizens Bank pertaining to said note, Deed of Trust, Declaration

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of Trust, and amendments thereto, and all other matters pertaining to the operation of said Trust, and was at all times fully aware of the fact that the maturity date of said note had been extended as above set forth.

XVIII.

That no notice of any alleged breach of any of the obligations of the Deed of Trust has at any time been given by defendant Title Company; that at no time has defendant Title Company, as Trustee of the Deed of Trust, Exhibit "B", given any notice of any Trustee's sale; that the Notice of Trustee's Sale referred to as Exhibit "I" is not, and was not, given by, for or in behalf of defendant Title Company; that plaintiffs, and each of them, have at all times diligently, carefully and properly complied with each and all of the terms of said Declaration of Trust and of said Deed of Trust and of the two amendments, and have abided by the mutual agreements and undertaking as hereinbefore set forth; that there exists no excuse whatsoever for the recording of any Notice of Breach, and that there exists no basis whatsoever for the publication or posting of any notice of sale and that said proposed sale should not be had, and that plaintiffs have no adequate remedy at law; that plaintiffs, and each of them, will suffer and sustain irreparable injury and damage unless defendants' acts are, and the proposed sale is, restrained and prohibited by this Court.

(Petitioners' Exhibit No. 1)

XIX.

That the Doe defendants claim and assert a right, title and interest in and to said real property, the exact nature of which is not known to the plaintiffs, and that any and all of such claims are false and without right, and that said defendants are proper parties defendant.

SECOND CAUSE OF ACTION.

I.

Plaintiffs re-allege and incorporate herein by reference Paragraphs I to XVIII, both inclusive, of the First Cause of Action, with the same force and effect as if each and all of said paragraphs were herein set forth in haec verba.

II.

That said note, Exhibit "A", and said Trust Deed, Exhibit "B", and each of them, should now be modified, amended and reformed by deleting therefrom the maturity date as set forth therein, so as to make each of said documents conform with the mutual agreement and understanding of the parties hereto as hereinbefore set forth.

III.

That the Declaration of Trust No. 5873, and each of the amendments thereto, Exhibits "C", "D" and "E", respectively, should now be reformed by adding to each of them appropriate provisions thereto respecting the time and manner in which the promissory note shall be paid, all as is hereinbefore alleged and set forth.

(Petitioners' Exhibit No. 1)

THIRD CAUSE OF ACTION.

I.

Plaintiffs re-allege and incorporate herein by reference Paragraphs I to XVIII, both inclusive, of the First Cause of Action, with the same force and effect as if each and all of said paragraphs were herein set forth in haec verba.

II.

That a controversy exists among the parties hereto respecting the mutual rights, duties and obligations of all of said parties under, through, and by reason of all of the transactions hereinbefore set forth; that plaintiffs, and each of them, allege and maintain that said note is not due and is not in default; that plaintiffs allege that the Pacific States Corporation has no interest whatsoever in said note or in said Deed of Trust, or in said Declaration of Trust; that plaintiffs allege and maintain that they are not in default in any respect whatsoever; that defendants allege and maintain that Pacific States Corporation is the owner and holder of said note and is the beneficiary of said Deed of Trust and Declaration of Trust, and that the defendant Citizens Bank was and is under duty to follow the instructions of said Pacific States Corporation; that plaintiffs allege and maintain that Article III and Article IV, subparagraph 3, of said Declaration of Trust, are inconsistent with each other and require a judicial construction and determination in order that the rights of the parties hereto may be properly resolved; and that declaratory relief is hereby and herein sought to obtain a full and complete declaration of the rights of all parties to this controversy.

(Petitioners' Exhibit No. 1)

FOURTH CAUSE OF ACTION.

I.

Plaintiffs re-allege and incorporate herein by reference Paragraphs I to XVIII, both inclusive, of the First Cause of Action, with the same force and effect as if each and all of said paragraphs were herein set forth in haec verba.

II.

That a full, complete and accurate accounting is necessary in order to determine the correct amount unpaid on the note referred to, and in order to determine what amount of interest, if any, remains unpaid; that plaintiffs have made many and repeated demands for a full and complete accounting in all detail, of the trust receipts and trust expenditures, but that defendant Citizens Bank has failed, neglected and refused to make such detailed accounting to the plaintiffs, or any of them, and that such accounting is herein demanded through judicial decree.

Wherefore, plaintiffs pray this Court to grant and make an order, judgment and decree awarding them, and each of them, full relief by appropriate judgment, decree, process and writ, to wit:

(1) A prohibitory injunction restraining and enjoining defendants, and each of them, and particularly defendant Citizens National Trust & Savings Bank of Los Angeles, in any manner or form from holding or conducting a sale of any portion of the real property described in the Deed

(Petitioners' Exhibit No. 1)

of Trust or in the Declaration of Trust No. 5873, or in the Notice of Breach or in the Notice of Sale, or any portion of the real property described in the Complaint, reference to all of which is hereby made for further particulars and details, on November 13th, 1940, at eleven o'clock A. M., or at any other time, or at all, and in any event not prior to the trial and determination of this action;

(2) Adjudging and decreeing that plaintiffs, or any of them, are not in default in any respect whatsoever as alleged in the Notice of Breach or Notice of Sale referred to in the Complaint;

(3) Adjudging and decreeing that plaintiffs, and all of them, are entitled to the reformation of the documents and instruments as set forth in the Second Cause of Action;

(4) Adjudging and decreeing that plaintiffs, and all of them, are entitled to the declaratory relief as set forth in the Third Cause of Action;

(5) Adjudging and decreeing that plaintiffs, and all of them, are entitled to a full and complete accounting as set forth in the Fourth Cause of Action;

(6) For such other, further and additional relief as to the Court shall seem meet, equitable and proper; and

(7) For plaintiffs' costs and disbursements.

GOUDGE, ROBINSON & HUGHES
and DAVID A. SONDEL,

Attorneys for Plaintiffs.

(Petitioners' Exhibit No. 1)

EXHIBIT "A"

\$45,000.00 Los Angeles, California, July 30th, 1927
 . . . On or before five (5) years . . . after
 date, for value received, . . . promise to pay to
 . . . Pan American Bank of California, a Corporation,
 or order, at . . . Pan American Bank of California,
 Los Angeles, California . . . the sum of forty five thou-
 sand and no/100 (\$45,000.00).....dollars, with inter-
 est from . . . date . . . until paid, at the rate of
 seven per sent per annum, payable quarterly, in advance.

Should interest not be so paid it shall thereafter bear like interest as the principal. Should default be made in payment of interest when due, the whole sum of principal and interest shall, at the option of the holder of this note, become immediately due. Principal and interest payable in United States gold coin. If suit or action shall be instituted in any Court to collect any sum becoming due on this note, the undersigned promise to pay such sum as the Court may adjudge reasonable as attorney's fees in said suit or action. This note is secured by a Deed of Trust to Title Insurance and Trust Company, a corporation, of Los Angeles, California.

FARM HOME BUILDERS,
 INCORPORATED.

By F. D. Hall, President

By Erwin S. Hall, Secretary

(Seal)

(Petitioners' Exhibit No. 1)

(Endorsed)

For value received, I, we or either of us, jointly and severally, guarantee payment of this Note, with all costs, of collection and suit, including reasonable attorney's fees, also agreeing to pay reasonable attorney's fees incurred by the holder of this Note should suit be instituted or other proceedings be taken to enforce this guaranty, or if placed in hands of an attorney for collection. Presentment, protest, notice and demand of every kind being hereby waived. And we hereby consent to all extensions in the time of payment of said Note.

PHILLIPS AND HAMBAUGH
REALTY & CONSTRUCTION
CORPORATION.

By M. Penn Phillips, President

By R. Hambaugh, Secretary

F. D. Hall

M. S. Hall

EXHIBIT "B"

This Deed of Trust, made this 30th day of July, 1927, between Farm Home Builders, Incorporated, a Corporation, herein called Trustor, Title Insurance and Trust Company, a Corporation, of Los Angeles, California, herein called Trustee, and Pan American Bank of California, a Corporation, herein called Beneficiary,

Witnesseth: That Trustor hereby grants to Trustee, in trust, with power of sale, all that property in the County of Los Angeles, State of California, described as:

The West One Half of Lot One; Lots Two, Three, Four, Seven, Ten, Eleven and Thirteen; Lot Fourteen

(Petitioners' Exhibit No. 1)

and Lots Sixteen to Twenty-two, inclusive; and Lots Twenty-four to Twenty-nine, inclusive; all in Sheet No. One of Tract 5148, as per Map recorded in Book 56, Page 78, Map Records, Los Angeles County, California.

Lots Thirty-one to Thirty-four, inclusive; Lots Thirty-six and Thirty-nine to Forty-four, inclusive; Lots Forty-seven to Fifty-three inclusive; all in Sheet No. Two of Tract No. 5148, as per Map recorded in Book 61, Page 57 of Map Records, Los Angeles County, California.

Lot No. Fifty-four and Lots Fifty-six to Seventy-three, inclusive, all in Sheet No. Three of Tract No. 5148, as per Map recorded in Book 104, Page 77 Map Records, Los Angeles County, California.

Lots Seventy-four to Eighty-nine, inclusive, in Sheet No. Four of Tract 5148, as per Map recorded in Book 104, Page 78 of Map Records, Los Angeles County, California.

The Northwest Fourth of the Northwest Fourth of Section Thirteen (approximately 40 acres); The Southeast Fourth of Section Twelve (approximately 160 acres); The North Half of Section Twelve (approximately 320 acres); all of Section One (approximately 640 acres); The North East Fourth of Section Eleven (approximately 160 acres); The Southwest Fourth of the Southeast Fourth of Section Two (approximately 40 acres); and the Southwest Fourth of Section Two (approximately 160

(Petitioners' Exhibit No. 1)

acres); all in Township Six North (6-N), Range Fourteen West (14-W) San Bernardino Base and Meridian.

This conveyance is made subject to the provisions for release of portions of the above described property, as per schedule set forth in that certain Declaration of Trust executed on July 30th, 1927, between Farm Home Builders, Incorporated, Trustor, Pan American Bank of California, Trustee, et al.

For the purpose of securing:

First: Payment of the indebtedness evidenced by that certain promissory note (and any renewal or extension thereof) substantially in form as follows:

\$45,000.00, Los Angeles, California, July 30, 1927.

. . . On or before five (5) years . . . after date, for value received, . . . promise to pay to Pan American Bank of California, a Corporation . . . or order, at Pan American Bank of California, Los Angeles, California . . . the sum of forty-five thousand and no/100 (\$45,000.00) dollars, with interest from date until paid, at the rate of seven per cent per annum, payable quarterly, in advance.

Should interest not be so paid it shall thereafter bear like interest as the principal. Should default be made in payment of interest when due, the whole sum of principal and interest shall, at the option of the holder of this note, become immediately due. Principal and interest payable in United States gold coin. If suit or action shall be instituted in any Court to collect any sum becoming due on this note, the undersigned promise to pay such sum as the Court may adjudge reasonable as attorney's fees in said

(Petitioners' Exhibit No. 1)

suit or action. This note is secured by a Deed of Trust to Title Insurance and Trust Company, a corporation, of Los Angeles, California.

FARM HOME BUILDERS,
INCORPORATED

By F. D. Hall, President

By Erwin S. Hall, Secretary

(Corporate Seal)

Second: Payment and/or performance of every obligation, covenant, promise or agreement herein and/or in said note contained.

To have and to hold said property upon the following express Trusts, to-wit:

A. Trustor promises and agrees, during continuance of these Trusts:

1. For the purpose of protecting and preserving the security of this Deed of Trust: (a) to properly care for and keep said property in good condition; (b) not to remove or demolish any building thereon; (c) to complete in a good and workmanlike manner any building which may be constructed thereon, and to pay when due all claims for labor performed and materials furnished therefor; (d) to comply with all laws, ordinances and regulations requiring any alterations or improvements to be made thereon; (e) not to commit or permit any waste or deterioration thereof; (f) not to commit, suffer or permit any act to be done in or upon said property in violation of any law or ordinance; (g) to cultivate, irrigate, fertilize, fumigate, prune and/or do any other act or acts, all in a

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timely and proper manner, which, from the character or use of said property, may be reasonably necessary to protect and preserve said security, the specific enumerations herein not excluding the general.

2. To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire insurance policy shall be credited first, to accrued interest; next, to expenditures hereunder and any remainder upon the principal, and interest shall thereupon cease upon the amount so credited upon principal; provided, however, that at option of Beneficiary, the entire amount so collected or any part thereof may be released to Trustor, without liability upon Trustee for such release.

3. To appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust, the interests of Beneficiary or the right, powers and duties of Trustees hereunder; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary and/or Trustee may appear.

4. To pay: (a) before delinquency, all taxes and assessments affecting said property, (including assessments on appurtenant water stock), and any costs or penalty thereon; (b) when due, all incumbrances (including any debt secured by Deed of Trust) and/or interest thereon, which appear to be liens or charges upon said property or any part thereof prior to this Deed of Trust; (c) all costs, fees and expenses of these Trusts, including cost of evidence of title and Trustee's fees in connec-

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tion with sale, whether completed or not, which amounts shall become due upon delivery to Trustee of Declaration of Default and Demand for Sale, as hereinafter provided.

5. To pay without demand, all sums expended by Trustee or Beneficiary under the terms hereof with interest from date of expenditure at the rate of ten per cent per annum.

B. Should Trustor fail or refuse to make any payment or do any act, which he is obligated hereunder to make or do, at the time and in the manner herein provided, then Trustee and/or Beneficiary, each in his sole discretion, may, without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof:

1. Make or do the same in such manner and to such extent as may be deemed necessary to protect the security of this Deed of Trust, either Trustee or Beneficiary being authorized to enter upon and take possession of said property for such purposes.

2. Commence, appear in or defend any action or proceeding affecting or purporting to affect the security of this Deed of Trust, the interests of Beneficiary or the rights, powers and duties of Trustee hereunder, whether brought by or against Trustor, Trustee or Beneficiary; or

3. Pay, purchase, contest or compromise any prior claim, debt, lien, charge or incumbrance which in the judgment of either may affect or appear to affect the security of this Deed of Trust, the interest of Beneficiary or the rights, powers and duties of Trustee hereunder.

Provided, that neither Trustee nor Beneficiary shall be under any obligation to make any of the payments or do

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any of the acts above mentioned, but, upon election of either or both so to do, employment of an attorney is authorized and payment of the fees of such attorney in a reasonable sum is hereby secured.

C. Trustee shall be under no obligation to notify any party hereto of any action or proceeding of any kind in which Trustor, Beneficiary and/or Trustee shall be named as defendant, unless brought by Trustee.

D. Acceptance by Beneficiary of any sum in payment of any indebtedness secured hereby, after the date when the same is due, shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums so secured or to declare default as herein provided for failure so to pay.

E. Trustee may, at any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said property:

1. Reconvey any part of said property;
2. Consent in writing to the making of any map or plat thereof; or
3. Join in granting any easement thereon.

F. Upon payment of all sums secured hereby and surrender to Trustee, for cancellation, of this Deed of Trust and the note secured hereby, Trustee, upon receipt

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from Beneficiary of a written request reciting the fact of such payment and surrender, shall reconvey, without warranty, the estate then held by Trustee, and the Grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto," and Trustee is authorized to retain this Deed of Trust and such note. The recitals in such reconveyance of any matters or facts shall be conclusive proof against all persons of the truthfulness thereof.

G. 1. Should breach or default be made by Trustor in payment of any indebtedness secured hereby and/or in performance of any obligation, covenant, promise or agreement herein, or in said note contained, then Beneficiary may declare all sums secured hereby immediately due by the execution and delivery to Trustee of a written Declaration of Default and Demand for Sale, whereupon all sums secured hereby shall become and be immediately due and payable, and shall surrender to Trustee this Deed of Trust, the note and receipts or other documents evidencing any expenditure secured thereby.

Beneficiary shall also execute and deliver to Trustee a written notice of such breach or default and of his election to cause to be sold the herein described property to satisfy the obligations hereof, and thereafter Trustee shall cause such notice to be recorded in the office of the recorder of the county or counties wherein said real property or some part thereof is situated.

Beneficiary, from time to time before Trustee's sale, may rescind any such notice of breach or default and of election to cause to be sold said property by executing and delivering to Trustee a written notice of such rescission,

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which notice, when recorded in the office of the recorder of the aforesaid county or counties, shall also constitute a cancellation of any prior Declaration of Default and Demand for Sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default, then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other Declarations of Default and Demand for Sale, and notices of breach or default and of election to cause to be sold said property to satisfy the obligations hereof, nor otherwise affect any provision, covenant or condition of said note and of this Deed of Trust or any of the rights, obligations or remedies of the parties thereunder.

2. After three months shall have elapsed following recordation of any such notice of breach or default and of election to cause to be sold said property, as to which no notice of rescission has been recorded, Trustee, without demand on Trustor, shall sell said property, as herein provided, at such time and at such place in the State of California as the Trustee, in its sole discretion, shall deem best to accomplish the objects of these Trusts, having first given notice of the time and place of such sale in the manner and for a time not less than that required by the laws of the State of California for sales of real property under Deeds of Trust.

3. Trustee may postpone sale of all, or any portion, of said property by public announcement at the time fixed by said notice of sale, and may thereafter postpone said sale from time to time by public announcement at the time fixed by the preceding postponement; and without

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further notice it may make such sale at the time to which the same shall be so postponed, provided, however, that the sale or any postponement thereof must be made at the place fixed by the original notice of sale.

4. At the time of sale so fixed, Trustee may sell the property so advertised, or any part thereof, either as a whole or in separate parcels at its sole discretion, at public auction, to the highest bidder for cash in United States gold coin, all payable at time of sale, and after any such sale and due payment made, shall execute and deliver to such purchaser a deed or deeds conveying the property so sold, but without covenant or warranty, express or implied, regarding title, possession or incumbrances. Trustor hereby agrees to surrender immediately and without demand possession of said property to such purchaser. The recitals in such deed or deeds of any matters or facts affecting the regularity or validity of said sale shall be conclusive proof of the truthfulness thereof and such deed or deeds shall be conclusive against all persons as to all matters or facts therein recited. Trustee, Beneficiary, any person on behalf of either, or any other person, may purchase at such sale.

H. Trustee shall apply the proceeds of any such sale to payment of:

1. (a) Expenses of sale; (b) all costs, fees, charges and expenses of Trustee and of these Trusts, including

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cost of evidence of title and Trustee's fee in connection with sale;

2. All sums expended under the terms hereof, not then repaid, with accrued interest at the rate of ten per cent per annum;

3. Accrued interest on said note;

4. Unpaid principal of said note; or if more than one, the unpaid principal thereof pro rata and without preference or priority; and

5. The remainder if any to the person or persons legally entitled thereto, upon proof of such right.

I. This Deed of Trust in all its parts applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

J. Trustee accepts these Trusts when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

In Witness Whereof Trustor has executed this instrument.

FARM HOME BUILDERS,
INCORPORATED

By F. D. Hall, President

By Erwin S. Hall, Secretary

(Corporate Seal)

(Petitioners' Exhibit No. 1)

EXHIBIT "C"

Exhibit "A" and "F"

<u>Lot</u>	<u>Description</u>		Exhibit "A"	Exhibit "F"
	<u>Parcel</u>		<u>Minimum Selling Price</u>	<u>Release Price</u>
W-1/2 1	A		53.00	36.00
	B		52.00	36.00
	C		68.00	68.00
	D		81.00	54.00
	E		81.00	54.00
	F		80.00	54.00
	G		80.00	80.00
	H		80.00	80.00
2	D		56.00	56.00
	E		66.00	66.00
	F		75.00	75.00
	G		84.00	84.00
	H		95.00	95.00
	I		105.00	105.00
	J		73.00	49.00
	K		71.00	49.00
	L		71.00	71.00
	M		71.00	71.00
	N		71.00	71.00
	O		71.00	71.00
3	P		36.00	36.00
	Q		38.00	38.00
	R		39.00	39.00
	S		41.00	41.00
	A		144.00	144.00
	C		179.00	179.00
	E		220.00	220.00

(Petitioners' Exhibit No. 1)

Lot	Description Parcel	Exhibit "A"	Exhibit "F"
		Minimum Selling Price	Release Price
4	F	30.00	20.00
	G	30.00	20.00
	H	44.00	30.00
	I	110.00	73.00
	J	140.00	140.00
	A	60.00	60.00
	B	102.00	102.00
	C	147.00	147.00
	D	193.00	193.00
	E	170.00	170.00
7	A	632.00	422.00
	B	620.00	414.00
	C	620.00	414.00
	D	620.00	414.00
10	A	633.00	422.00
	B	620.00	414.00
	C	620.00	414.00
	D	620.00	414.00
11	A	633.00	422.00
	B	620.00	414.00
	C	620.00	414.00
	D	620.00	414.00
13	A	620.00	414.00
	B	620.00	414.00
	C	250.00	250.00
	D	245.00	164.00
	E	245.00	164.00
	F	245.00	164.00
	G	267.00	178.00
14	A	162.00	162.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
14	B	162.00	162.00
	E	123.00	82.00
	F	110.00	110.00
	G	110.00	110.00
	H	158.00	158.00
16	A	575.00	384.00
	B	625.00	417.00
	C	310.00	207.00
	D	313.00	209.00
	E	365.00	243.00
	F	313.00	209.00
17	A	585.00	390.00
	B	275.00	184.00
	C	357.00	238.00
	D	312.00	208.00
	E	315.00	208.00
	F	340.00	227.00
	G	317.00	211.00
18	A	445.00	297.00
	B	445.00	297.00
	C	445.00	297.00
	D	444.00	297.00
	E	423.00	282.00
	F	423.00	282.00
19	A	292.00	292.00
	B	292.00	195.00
	C	292.00	195.00
	D	292.00	195.00
	E	278.00	185.00
	F	279.00	186.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
20	A	292.00	292.00
	B	292.00	195.00
	C	292.00	292.00
	D	292.00	292.00
	E	228.00	152.00
	F	269.00	180.00
21	A	292.00	292.00
	B	292.00	292.00
	C	439.00	293.00
	D	362.00	241.00
22	A	291.00	291.00
	B	294.00	294.00
	C	294.00	294.00
	D	304.00	203.00
	E	277.00	185.00
	F	265.00	177.00
24	A	292.00	292.00
	B	286.00	286.00
	C	290.00	290.00
	D	303.00	202.00
25	A	292.00	292.00
	B	286.00	286.00
	C	286.00	191.00
	D	286.00	191.00
26	A	634.00	423.00
	B	622.00	415.00
	C	622.00	415.00
	D	622.00	415.00
27	A	292.00	195.00
	B	286.00	286.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
28	C	286.00	286.00
	D	286.00	286.00
	A	292.00	292.00
	C	286.00	286.00
	D	286.00	286.00
29 and 31		12,000.00	12,000.00
32	A	275.00	275.00
	B	300.00	300.00
	C	300.00	300.00
	D	275.00	184.00
	W 9.93	1,144.00	763.00
33	A-	356.00	356.00
	B	322.00	322.00
	C	322.00	322.00
34	A	250.00	250.00
	B	249.00	166.00
	C	249.00	249.00
	D	252.00	252.00
36		2,185.00	1,457.00
39	A	250.00	250.00
	B	249.00	249.00
	C	250.00	250.00
	D	252.00	290.00
40	A	230.00	230.00
	B	514.00	514.00
	C	250.00	250.00
41	A	345.00	230.00
	B	315.00	315.00
	C	315.00	315.00
	D	310.00	310.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
42	A	290.00	290.00
	B	286.00	286.00
	C	287.00	287.00
	D	287.00	287.00
43	B	143.00	143.00
	C	144.00	96.00
	D	177.00	177.00
	E	372.00	372.00
	F	382.00	382.00
44	A	297.00	198.00
	B	245.00	164.00
	C	270.00	180.00
	D	2,310.00	2,021.25
	E	260.00	174.00
	F	240.00	160.00
	G	300.00	200.00
47	A	523.00	349.00
	B	430.00	287.00
	C	500.00	334.00
	D	275.00	184.00
	E	275.00	184.00
	F	510.00	340.00
	G	530.00	353.00
	H	245.00	164.00
	I	325.00	217.00
48	A	432.00	288.00
	B	372.00	248.00
	C	332.00	221.00
	D	457.00	305.00
	E	717.00	478.00

(Petitioners' Exhibit No. 1)

Lot	Description Parcel	Exhibit "A"	Exhibit "F"
		Minimum Selling Price	Release Price
49	F	675.00	350.00
	G	680.00	453.00
	H	575.00	384.00
	A	402.00	268.00
	B	475.00	317.00
	C	452.00	302.00
	D	392.00	262.00
	E	198.00	132.00
50	F	210.00	140.00
	G	240.00	160.00
	H	285.00	190.00
	A	234.00	156.00
	B	250.00	167.00
	C	240.00	160.00
	D	360.00	240.00
	E	395.00	264.00
51	F	200.00	134.00
	G	332.00	222.00
	H	300.00	200.00
	A	370.00	247.00
	B	370.00	370.00
	C	370.00	247.00
	E	100.00	100.00
	F	103.00	103.00
52	G	107.00	107.00
	H	110.00	110.00
	I	114.00	114.00
	A	290.00	290.00
	B	287.00	287.00
	C	287.00	192.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
53	D	286.00	286.00
	A	402.00	268.00
	B	314.00	314.00
	C	314.00	314.00
54	D	314.00	314.00
	A	316.00	211.00
	B	270.00	180.00
	C	308.00	308.00
56	D	308.00	206.00
	E	302.00	202.00
	A	280.00	280.00
	B	339.00	226.00
57	C	334.00	334.00
	D	330.00	330.00
	E	624.00	416.00
	F	304.00	304.00
58	G	326.00	326.00
	A	276.00	276.00
	B	275.00	275.00
	C	300.00	300.00
59	D	300.00	300.00
	A	276.00	276.00
	B	276.00	276.00
	C	300.00	300.00
60	A	290.00	290.00
	B	287.00	287.00
	C	287.00	287.00
	D	286.00	286.00
	A	290.00	194.00
	B	287.00	287.00

(Petitioners' Exhibit No. 1)

Lot	Description Parcel	Exhibit "A"	Exhibit "F"
		Minimum Selling Price	Release Price
61	C	287.00	287.00
	D	286.00	191.00
	A	530.00	354.00
	B	135.00	90.00
61	C	150.00	100.00
	D	187.00	125.00
	E	367.00	367.00
	F	381.00	381.00
62	A	298.00	298.00
	B	298.00	298.00
	C	298.00	298.00
	D	150.00	150.00
	E	145.00	145.00
	F	151.00	151.00
	G	155.00	155.00
	H	125.00	125.00
	I	130.00	130.00
63	A	227.00	227.00
	B	390.00	260.00
	C	390.00	260.00
	D	414.00	278.00
	E	154.00	103.00
	F	175.00	175.00
64	A	232.00	155.00
	B	348.00	348.00
	C	348.00	348.00
	D	348.00	348.00
	E	230.00	154.00
	F	260.00	174.00
65	A	658.00	439.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
66	B	440.00	294.00
	C	442.00	295.00
	D	314.00	210.00
	E	421.00	314.00
	F	381.00	254.00
	G	343.00	229.00
	A	447.00	298.00
	B	438.00	292.00
	C	385.00	257.00
	D	333.00	222.00
	E	380.00	254.00
	F	370.00	247.00
	G	370.00	247.00
	H	366.00	244.00
67	A	300.00	200.00
	B	315.00	210.00
	C	330.00	220.00
	D	306.00	204.00
	E	326.00	218.00
	F	345.00	230.00
68	A	375.00	250.00
	B	375.00	250.00
	C	377.00	252.00
	D	273.00	182.00
	E	288.00	192.00
	F	305.00	204.00
69	A	385.00	257.00
	B	385.00	257.00
	D	210.00	140.00
	E	213.00	142.00

(Petitioners' Exhibit No. 1)

Lot	Description Parcel	Exhibit "A"	Exhibit "F"
		Minimum Selling Price	Release Price
70	F	225.00	150.00
	A	385.00	257.00
	B	395.00	264.00
	C	398.00	266.00
	D	395.00	264.00
70	E	363.00	242.00
	F	370.00	247.00
	G	376.00	251.00
	H	387.00	258.00
	A	445.00	297.00
71	B	400.00	267.00
	C	374.00	249.00
	D	359.00	240.00
	E	408.00	272.00
	F	418.00	279.00
72	G	450.00	300.00
	H	412.00	275.00
	A	455.00	304.00
	B	455.00	304.00
	C	455.00	304.00
72	D	453.00	304.00
	E	404.00	269.00
	F	413.00	276.00
	G	424.00	283.00
	H	434.00	295.00
73	A	442.00	295.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
74	B	395.00	263.00
	C	440.00	293.00
	D	372.00	248.00
	E	385.00	256.00
	F	354.00	236.00
	G	370.00	247.00
	H	685.00	457.00
	A	327.00	218.00
75	B	326.00	218.00
	C	277.00	185.00
	D	326.00	218.00
	E	874.00	583.00
	A	465.00	310.00
76	B	466.00	310.00
	C	466.00	310.00
	D	584.00	389.00
	A	145.00	97.00
	B	148.00	148.00
	C	150.00	100.00
	D	153.00	102.00
	E	155.00	102.00
77	F	159.00	106.00
	G	162.00	108.00
	H	306.00	204.00
	A	55.00	37.00
	B	56.00	37.00

(Petitioners' Exhibit No. 1)

Lot	Description Parcel	Exhibit "A"	Exhibit "F"
		Minimum Selling Price	Release Price
	C	56.00	37.00
	D	56.00	37.00
	E	60.00	40.00
	F	60.00	60.00
	G	60.00	60.00
	H	80.00	80.00
	I	80.00	80.00
	J	288.00	288.00
	K	309.00	309.00
	L	326.00	326.00
	M	332.00	332.00
	N	270.00	270.00
	O	275.00	275.00
	P	139.00	139.00
	R	102.00	102.00
78		100.00	100.00
79		100.00	100.00
80	A	370.00	247.00
	B	380.00	253.00
	C	380.00	253.00
	D	379.00	253.00
	E	399.00	266.00
	F	392.00	264.00
	G	385.00	256.00
	H	329.00	220.00
	I	290.00	193.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
81	A	179.00	120.00
	B	274.00	183.00
	C	370.00	247.00
	D	430.00	287.00
82	A	373.00	249.00
	B	408.00	272.00
	C	320.00	214.00
	D	310.00	207.00
	E	299.00	200.00
83	A	398.00	266.00
	B	390.00	260.00
	C	384.00	256.00
	D	388.00	259.00
	E	439.00	293.00
	F	502.00	335.00
	G	702.00	468.00
	H	1,037.00	692.00
84	A	257.00	172.00
	B	297.00	198.00
	C	572.00	382.00
	D	521.00	348.00
	E	614.00	410.00
85	A	335.00	224.00
	B	200.00	134.00
	C	192.00	128.00
	D	291.00	194.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
86	E	795.00	530.00
	F	525.00	350.00
	A	427.00	285.00
	B	266.00	178.00
	C	255.00	170.00
87	D	114.00	76.00
	A	281.00	188.00
	B	239.00	160.00
	C	223.00	149.00
	D	261.00	174.00
88	E	254.00	170.00
	F	138.00	92.00
	G	347.00	232.00
	A	368.00	246.00
	B	462.00	308.00
89	C	475.00	317.00
	D	553.00	369.00
	E	512.00	342.00
	A	491.00	328.00
	B	448.00	299.00
	C	737.00	737.00

(Petitioners' Exhibit No. 1)

		Exhibit “A”	Exhibit “F”
Description		Minimum	Release
Lot	Parcel	Selling Price	Price
<u>Section:</u>			
	1 – Tn. 6N, R14W –	24,000.00	16,000.00
	2 – SW 1/4 of 2 (North of Road –	8,775.00	8,775.00
	– “ “ (South of Road –	12,250.00	12,250.00
	– “ “ SE 1/4 –	4,075.00	3,050.00
11	A	2,500.00	1,667.00
	B	2,500.00	1,667.00
	C	2,500.00	1,667.00
	D	2,500.00	1,667.00
	E	4,750.00	3,500.00
	F	5,600.00	3,733.00
	G	1,800.00	1,200.00
	H	2,600.00	1,734.00
	I	2,250.00	1,500.00
	J	2,400.00	1,600.00
12	A	2,200.00	1,467.00
	B	2,000.00	1,337.00
	C	1,750.00	1,167.00
	D	2,900.00	1,934.00
	E	6,400.00	4,267.00
	F	1,450.00	1,067.00
	G	950.00	633.00
	H	2,400.00	1,600.00
	I	2,300.00	1,567.00
	J	1,550.00	1,034.00
	K	1,400.00	934.00

(Petitioners' Exhibit No. 1)

Description		Exhibit "A"	Exhibit "F"
Lot	Parcel	Minimum Selling Price	Release Price
	L	2,000.00	1,334.00
	M	1,600.00	1,067.00
	N	2,250.00	1,533.00
	O	3,050.00	2,033.00
	P	3,850.00	2,564.00
	Q	3,050.00	2,033.00
	R	3,050.00	2,033.00
	S	1,450.00	967.00
	T	2,400.00	1,600.00
	U	4,000.00	2,667.00
	V	3,600.00	2,400.00
	W	4,850.00	3,234.00
	X	2,200.00	1,467.00
	Y	2,200.00	1,467.00
G	A	288.00	288.00
	B	287.00	287.00
	C	267.00	178.00
	E	499.00	333.00
H	A	281.00	187.00
	B	281.00	281.00
	C	344.00	344.00
	D	294.00	294.00
	E	288.00	192.00
	F	288.00	192.00
	G	237.00	158.00
	H	224.00	224.00
		<hr/>	<hr/>
		\$297,221.00	\$222,190.25
		<hr/>	<hr/>

(Petitioners' Exhibit No. 1)

CONTRACT BALANCES AS OF DECEMBER 2, 1929

<u>Contract No.</u>	<u>Purchaser</u>	<u>Lot No.</u>	<u>Date of Contract</u>
1	Jennie Finn	4-C	9-11-27
3	James C. Nordling	27-B	9-19-27
4	Doris Anderson	33-A	8-29-27
6	Celia Coppersmith	2-H & I	9-8-27
8	A. M. Porter	14-H	10-9-27
9	Doris Anderson	3-A	12-14-27
10	W. J. Stewart	3-J	10-26-27
11	Theresa Diestal	2-P	10-9-27
12	Ida E. Smith	14-A	10-17-27
15	James C. Nordling	25-A	10-14-27
16	Marie Baker	2-D	10-3-27
18	Grace Heinzmann	41-C & B	1-5-28
19	Josephine Berberich	41-B-53-B	1-12-28
21	Robert Rendfrew	79	3-16-28
22	W. A. Lorimer	34-C	9-21-27
23	Carl Hernzberg	33-B	11-7-27
25	Theresie Schweder	3-E	3-16-28
26	Louis H. Sroufe	77-I	3-16-28
27	Harry M. Lindsey	2-F	2-20-28
28	Fanney Forrester	43-B	11-12-27
29	Ruth W. Johnson	58-C	4-18-28
30	George W. Matlock	56-A	4-5-28
31	John McGillwray	61-E	3-8-28
32	Louis M. Sroufe	19-A	2-2-28
33	Lena A. Klapper	2-D & E	3-28-29
34	Ella I. Long	3-C	4-17-28
35	W. A. Rosenfeld	4-B	4-20-28
36	Rinnie Lawing	25-B	5-12-28
37	Rose N. McNalley	52-A	12-6-27
38	Leona Valley Country Club	29-31	7-5-28

<u>Selling Price</u>	<u>Balance Due</u>	<u>Phillips and Hambaugh Equity</u>	<u>P. A. Bank Release</u>	<u>Interest Paid to</u>
750.00	271.94	124.94	147.00	11-4-29
1,407.00	378.51	92.51	286.00	11-20-29
1,745.00	578.06	222.06	356.00	10-12-29
700.00	269.78	69.78	200.00	7-8-29
950.00	514.53	356.53	158.00	1-9-28
450.00	219.42	75.42	144.00	10-12-29
500.00	143.28	3.28	140.00	10-26-29
350.00	203.69	167.69	36.00	4-9-29
950.00	275.16	113.16	162.00	5-17-29
1,435.00	423.11	131.11	292.00	11-14-29
350.00	174.83	90.83	84.00	5-3-28
3,067.95	1,201.50	576.50	625.00	5-4-29
3,085.10	667.52	667.52	10-12-29
750.00	342.05	242.05	100.00	9-31-29
1,226.00	419.53	170.53	249.00	10-22-29
1,582.00	493.33	171.33	322.00	11-7-29
750.00	329.42	109.42	220.00	1-16-29
450.00	223.01	143.01	80.00	11-28-29
375.00	255.55	180.55	75.00	10-20-28
594.50	201.97	58.97	143.00	9-12-29
1,469.00	434.07	134.07	300.00	9-18-29
1,350.00	537.73	257.73	280.00	11-5-29
1,522.00	731.15	364.15	367.00	2-8-29
1,435.00	666.44	374.44	292.00	10-2-28
700.00	329.77	207.77	122.00	11-28-29
700.00	297.40	118.40	179.00	11-13-29
550.00	209.92	107.92	102.00	6-20-29
1,407.00	500.23	214.23	286.00	8-12-29
1,424.00	694.27	404.27	290.00	7-9-28
16,000.00	12,100.61	100.61	12,000.00	10-5-29

(Petitioners' Exhibit No. 1)

<u>Contract No.</u>	<u>Purchaser</u>	<u>Lot No.</u>	<u>Date of Contract</u>
39	Friedrieka Moeller	28-C	4-30-28
40	Sarah I. Erwin	4-D	4-3-28
41	Eliz. C. Bissell, Gdn.	61-F	5-21-28
42	Charles Randolph	58-A	7-3-28
43	John A. Johnson	32-B	6-7-28
44	George D. Luetke	78	1-8-28
45	Emma A. Worf	4-E	3-21-28
46	B. T. Nesmith	43-F	6-18-28
47	Emil Gsell	24-C	6-13-27
48	Annie M. Skillman	28-D	4-11-28
50	R. Hambaugh	44-D	7-24-28
51	Eliz. S. Candon	28-A	2-10-28
52	Martha E. Spangler	14-G	2-28-28
53	Nellie M. Morrell	51-I	2-3-28
54	J. B. Good	4-F	3-2-28
55	L. E. Prall	43-D	4-14-28
56	C. W. Guimont	14-B	7-9-28
57	Frederica Muller	32-A	5-12-28
58	Earl Van Horn	59-C & D	5-11-28
59	G. V. Voorhis	52-D	6-20-28
60	H. W. Milner	33-C	5-20-28
61	Agnes B. Elliott	1-G & H	3-21-28
62	Morgan N. Smith	43-E	8-7-29
63	Theresa Diestel	77-J	7-1-28
64	Chas. Sundstrom	57-B	6-6-28
66	Fred Koerner	1-C	7-30-28
67	Kathryn E. Kelley	2-Q	7-26-28
68	Lena Klapper	2-N & O	6-2-28
69	Clarence Bates	63-A	5-11-28

Petitioners' Exhibit No. 1)

<u>Selling Price</u>	<u>Balance Due</u>	<u>Phillips and Hambaugh Equity</u>	<u>P. A. Bank Release</u>	<u>Interest Paid to</u>
1,407.00	553.48	267.48	286.00	10-29-29
900.00	311.79	118.79	193.00	11-3-29
1,580.50	719.38	338.38	381.00	6-21-29
1,350.00	502.87	226.87	276.00	11-3-29
1,344.00	490.47	190.47	300.00	11-7-29
650.00	305.92	205.92	100.00	10-14-29
950.00	300.68	130.68	170.00	11-21-29
1,580.50	663.45	281.45	382.00	11-18-29
1,430.00	400.00	110.00	290.00	11-13-29
1,407.00	576.33	290.33	286.00	11-11-29
3,080.00	2,031.46	10.21	2,021.25	10-27-29
1,435.00	707.72	415.72	292.00	2-10-28
800.00	451.30	341.30	110.00	2-28-28
471.25	279.28	165.28	114.00	2-3-28
975.00
732.00	363.62	186.62	177.00	5-14-29
950.00	371.17	209.17	162.00	11-9-29
1,344.00	607.57	332.57	275.00	10-12-28
2,418.00	1,364.50	791.50	573.00	5-11-28
1,407.00	509.15	223.15	286.00	11-20-29
1,582.00	573.62	251.62	322.00	8-20-29
700.00	347.85	187.85	160.00	10-11-29
1,544.25	676.66	304.66	372.00	8-7-29
900.00	542.67	255.67	288.00	11-2-29
1,350.00	568.99	293.99	275.00	10-6-29
475.00	161.29	93.29	68.00	11-30-29
350.00	200.61	162.61	38.00	11-2-29
700.00	288.30	146.30	142.00	11-2-29
835.00	435.81	208.81	227.00	8-1-28

(Petitioners' Exhibit No. 1)

<u>Contract No.</u>	<u>Purchaser</u>	<u>Lot No.</u>	<u>Date of Contract</u>
70	Wilbur W. Wheeler	60-C	7-26-28
71	Anna S. Smith	63-F	6-21-28
72	Celia Coppersmith	51-F	3-22-28
73	Carl E. Curry	34-D	7-26-28
74	Katherine Waltz	77-F & G	3-26-28
75	L. W. Stewart	64-C	7-26-28
76	Jack Byers	G-A	7-26-28
77	Wm. T. Mann	14-F & C	7-26-28
78	Wm. A. Purcell	21-A-22-B	7-26-28
79	C. G. Lawrence	77-F	7-26-28
80	Perry R. Youngs	64-B	7-26-28
81	Cecilia E. Coppersmith	51-E	4-6-28
82	Kathryn E. Kelley	2-R	7-26-28
84	R. Dunker	53-C	7-26-28
87	Joseph A. Gaylord	39-C	7-26-28
88	Andrew H. Hastie	77-M & N	7-26-28
90	Kathryn E. Kelly	77-C	12-15-2
91	Wm. P. Bradbury	2-L & M	5-22-29
92	Lillian F. Gaylord	77-H	7-13-28
96	Ben E. Segur	60-B	7-26-28
97	Michael J. Maher	53-D	7-26-28
98	Noble B. White	77-L	7-26-28
100	Virginia Clark	76-B	7-26-28
101	Carl C. Camp	51-B-77-R	5-3-28
102	Ivy J. Weibe	57-C & D	6-19-28
103	Hannah E. Ezekiel	13-C	10-3-27
105	Jack Adams	51-G & H	6-29-28
106	Joseph A. Gaylord	34-A	5-11-28
108	George W. Patterson	4-A	11-27-2

<u>Selling Price</u>	<u>Balance Due</u>	<u>Phillips and Hambaugh Equity</u>	<u>P. A. Bank Release</u>	<u>Interest Paid to</u>
,407.00	682.87	395.87	287.00	7-26-28
638.00	348.44	173.44	175.00	6-21-28
500.00	285.11	182.11	103.00	6-22-28
,237.00	490.87	238.87	252.00	11-22-29
700.00	375.80	255.80	120.00	3-26-28
,750.00	944.61	596.61	348.00	1-5-29
,407.00	546.60	258.60	288.00	11-2-29
800.00	388.08	278.08	110.00	5-8-29
,325.00	2,127.32	1,247.32	880.00	5-31-29
,650.00	996.32	687.32	309.00	9-1-29
,750.00	902.39	554.39	348.00	2-4-29
500.00	264.51	164.51	100.00	6-6-29
350.00	200.61	161.61	39.00	10-26-29
,537.00	655.78	341.78	314.00	11-2-29
,226.00	513.25	263.25	250.00	8-8-29
,950.00	1,660.29	1,058.29	602.00	11-21-29
900.00	648.32	373.32	275.00	3-15-29
550.00	380.85	238.85	142.00	10-22-29
400.00	273.92	193.92	80.00	12-13-28
,407.00	682.87	395.87	287.00	7-26-28
,575.00	815.72	501.72	314.00	11-17-29
,600.00	977.02	651.02	326.00	7-26-28
700.00	392.09	244.09	148.00	11-8-29
,2,125.00	1,148.40	676.40	472.00	5-3-28
,2,938.00	1,194.16	594.16	600.00	5-19-29
950.00	433.16	183.16	250.00	12-3-28
,000.00	463.94	246.94	217.00	6-29-29
,226.00	475.52	225.52	250.00	9-11-29
350.00	205.51	145.51	60.00	4-27-29

(Petitioners' Exhibit No. 1)

<u>Contract No.</u>	<u>Purchaser</u>	<u>Lot No.</u>	<u>Date of Contract</u>
109	S. F. Garney	62-A to I Inc.	10-8-28
110	W.R.Kemp SW $\frac{1}{4}$ of Sec.2, 26N R14W (160A)		10-15-28
112	H. J. Mersterman	39-A & B-40-C	10-10-28
113	Isaac C. Rice	H-C	10-5-28
114	Louis H. Sroufe	22-A	10-10-28
115	E. L. Byar	56-F & G	10-12-28
116	Chas. Rudolph	64-D	1-19-29
117	Lola W. Broadhead	H-H	2-19-29
118	Alfred L. Spangenberg	57-A-58-B	4-24-29
119	L. P. Stanford	32-C	3-18-29
120	Thos. J. Berry	40-B	5-14-29
121	Isaac C. Rice	H-D	5-14-29
122	Myrtle R. Rice	2-S	5-14-29
123	R. W. Jefferys	89-C	5-14-29
124	G. D. Meldrin	56-C	5-15-29
125	A. F. Roberts	59-A & B	5-15-29
126	Gertrude Anthony	56-D	5-14-29
127	T. B. Robertson	27-C & D	5-15-29
128	G. V. Fisher	24-A & B	5-20-29
129	Arthur F. Thompson	42-A	6-10-29
130	A. R. Shipley	20-C & D	5-15-29
131	Ernest Beauvois	54-C	5-15-29
132	A. O. Read	42-C & D	5-15-29
134	Agnes Murphy	40-A	6-15-29
135	Samuel A. Pascoe	H-B	5-14-29
136	Kathryn E. Kelley	42-B	6-15-29
139	J. Monahan	77-P	6-26-29
141	C. F. Forester	39-D	6-26-29
142	H. Long	52-B	6-28-29
143	J. L. Thiessen	20-A-21-B	5-27-29
144	Celia J. Ranney	G-B	6-29-29

<u>Selling Price</u>	<u>Balance Due</u>	<u>Phillips and Hambaugh Equity</u>	<u>P. A. Bank Release</u>	<u>Interest Paid to</u>
,775.00	5,636.13	3,886.13	1,750.00	10-8-28
,980.00	24,786.11	3,761.11	21,025.00	4-15-29
,678.00	2,159.76	1,410.76	749.00	10-10-28
,725.00	957.00	613.00	344.00	4-5-29
,935.00	537.80	246.80	291.00	11-10-29
,675.00	914.35	284.35	630.00	10-2-29
,545.00	700.75	352.75	348.00	10-19-29
,125.00	455.94	231.94	224.00	11-19-29
,700.00	1,089.06	537.06	552.00	11-24-29
,350.00	618.74	318.74	300.00	7-18-29
,524.00	1,157.54	643.54	514.00	9-14-29
,475.00	905.19	611.19	294.00	7-14-29
,250.00	182.75	141.75	41.00	8-14-29
,350.00	1,006.55	269.55	737.00	7-14-29
,700.00	1,040.82	706.82	334.00	8-15-29
,200.00	706.87	129.87	577.00	10-15-29
,650.00	1,016.18	686.18	330.00	9-14-29
,813.70	1,400.53	828.53	572.00	12-15-29
,835.00	1,239.41	661.41	578.00	11-20-29
,424.00	746.50	456.50	290.00	6-10-29
,870.00	1,398.18	814.18	584.00	5-15-29
,525.00	887.22	579.22	308.00	11-14-29
,500.00	1,561.58	987.58	574.00	7-15-29
,150.00	739.00	509.00	230.00	6-15-29
,435.00	776.25	495.75	281.00	5-14-29
,400.00	1,010.64	724.64	286.00	10-15-29
,750.00	564.00	425.00	139.00	6-26-29
,800.00	580.00	290.00	290.00	6-26-29
,400.00	776.30	489.30	287.00	6-28-29
,500.00	1,363.94	779.94	584.00	6-27-29
,550.00	743.28	456.28	287.00	11-29-29
	<u>116,526.42</u>	<u>46,979.65</u>	<u>69,546.77</u>	

(Petitioners' Exhibit No. 1)

EXHIBIT "D"

AMENDMENT TO DECLARATION OF
TRUST NO. 5873

This Supplementary Agreement and Amendment to Declaration of Trust made and entered into, in quadruplicate, this 28th day of October, 1935, by and between Citizens National Trust & Savings Bank of Los Angeles, a National Banking Association, as Trustee, party of the first part; Farm Home Builders, Incorporated, a corporation, as Trustor and/or Beneficiary, party of the second part; Pan American Bank of California, a corporation, now in process of liquidation, by John McFaul, Special Deputy Superintendent of Banks, in charge of said Liquidation, at first Payee, party of the third part; and Phillips & Hambaugh Realty & Construction Company, a corporation, as second Payee, party of the fourth part.

Witnesseth:

That, Whereas, on, to-wit, the 2nd day of December, 1929, a certain Declaration of Trust No. 5873 was made and entered into by and between the respective parties hereinabove described, wherein is set forth the terms, conditions, trusts, covenants and agreements under which the title to certain real and/or personal property therein more particularly described, is held in Trust by the said Trustee, and the particular terms and conditions under which the same is to be sold, assigned, transferred or conveyed; and

Whereas, in Subdivision "A", Paragraph 3 of said Declaration of Trust, it is provided that no Lot or Parcel of

(Petitioners' Exhibit No. 1)

real property shall be sold for less than the price listed in the Schedule of Minimum Selling Prices to be established by the Beneficiary and approved by the Trustee and first Payee, the total of which schedule is to be not less than Two Hundred Ninety-Five Thousand and No/100 (\$295,000.00) Dollars; and

Whereas, a Schedule of Minimum Selling Prices as above referred to was approved by the parties to said Trust, and was attached to and thereby became a part of said Declaration of Trust; and

Whereas, it is now desired to modify and amend said Declaration of Trust in respect to certain now amended release prices for certain Parcels of real property now held by said Trustee under said Declaration of Trust in order to facilitate the sale thereof and to establish a new Schedule of amended Release Prices for said Parcels under said Trust.

Now, Therefore, it is hereby mutually agreed that said Declaration of Trust is hereby modified and amended in the following respects, to-wit:

1. That as to the several Lots and/or Parcels of real property therein set forth and described, the release prices on the sale thereof shall hereafter be as set forth in the Schedule attached hereto, designated as Exhibit "A", and made a part hereof.

2. That in all other respects the said Declaration of Trust shall be and remain in full force and effect and binding upon the respective parties hereto.

3. That by their respective signatures hereunto attached the several parties to this Agreement and Modi-

(Petitioners' Exhibit No. 1)

fication of Declaration of Trust do hereby ratify, approve and confirm the same, and do mutually covenant and agree, for themselves, their successors or assigns, to be and become bound thereby.

In Witness Whereof, the respective parties to this Agreement and Amendment to Declaration of Trust have hereunto caused their names and seals to be affixed by their proper officers thereunto duly authorized, this the day and year first above written.

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES, AS TRUSTEE

By HALCOTT B. THOMAS

Halcott B. Thomas, Vice President.

Seal

By CARL P. SMITH

Carl P. Smith, Assistant Trust Officer.

PARTY OF THE FIRST PART.

FARM HOME BUILDERS, INCORPORATED

By F. D. HALL

Seal

President.

By ERWIN S. HALL

Secretary

PARTY OF THE SECOND PART.

PAN AMERICAN BANK OF CALIFORNIA
in Liquidation

By JOHN McFAUL

Special Deputy Superintendent of Banks,
FIRST PAYEE

PARTY OF THE THIRD PART.

(Petitioners' Exhibit No. 1)

PHILLIPS & HAMBAUGH REALTY &
CONSTRUCTION COMPANY

By P. F. WOODIN

Seal

Vice President.

By C. F. FORESTER

Secretary.

SECOND PAYEE,
PARTY OF THE FOURTH PART.

EXHIBIT "A"

SCHEDULE OF RELEASE PRICES AS ESTAB-
LISHED BY AMENDMENT TO DECLARA-
TION OF TRUST NO. 5873 OF CITIZENS
NATIONAL TRUST & SAVINGS BANK OF
LOS ANGELES

Description of <u>Property</u>	Release <u>Price</u>
All of Sec. 1, T. 6 N., R. 14 W.	\$10,000.00
Sec. 2, T. 6 N., R. 14 W.	
All of the SW 1/4, lying North of the County Road	2,000.00
Sec. 2, T. 6 N., R. 14 W.	
The West 1/2 of the S.W. 1/4 of the S.W. 1/4 and that portion of the West 1/2 of the N.W. 1/4 of the S.W. 1/4 lying South of the County Road	2,000.00
Sec. 2, T. 6 N., R. 14 W.	
All of the East 1/2 of the S.W. 1/4 of the S.W. 1/4, lying South of the County Road	1,000.00
Sec. 2, T. 6 N., R. 14 W.	
All of the S.E. 1/4 of the S.W. 1/4, lying South of the County Road	1,000.00

(Petitioners' Exhibit No. 1)

<u>Description of Property</u>	<u>Release Price</u>
Sec. 2, T. 6 N., R. 14 W. The S.W. 1/4 of the S.E. 1/4	2,000.00
Sec. 11, T. 6 N., R. 14 W.	
A	750.00
B	750.00
C	700.00
D	700.00
E	1,200.00
F	1,500.00
G	400.00
H	1,000.00
I	1,000.00
J	600.00
Sec. 12, T. 6 N., R. 14 W.	
A	750.00
B	650.00
C	500.00
D	800.00
E	2,000.00
F	500.00
G	300.00
H	700.00
I	700.00
J	500.00
K	500.00
L	700.00
M	500.00

(Petitioners' Exhibit No. 1)

<u>Description of Property</u>	<u>Release Price</u>
Sec. 12, T. 6 N., R. 14 W.	
N	600.00
O	800.00
P	1,000.00
Q	1,000.00
R	1,000.00
S	400.00
T	\$ 700.00
U	1,100.00
V	1,000.00
W	1,200.00
X	700.00
Y	700.00
Lot No. 26, Tract 5148:	
Parcel A	350.00
" B	350.00
" C	350.00
" D	350.00
Lots No. 29 and 31, Tract 5148	9,000.00
Lot No. 62, Tract 5148:	
Parcel A	235.00
" B	235.00
" C	235.00
" D	120.00
" E	107.00
" F	110.00
" G	115.00
" H	120.00
" I	123.00
Lot 89, Parcel C	600.00

(Petitioners' Exhibit No. 1)

EXHIBIT "E"

AMENDMENT TO DECLARATION OF
TRUST NO. 5873

This Supplementary Agreement and Amendment to Declaration of Trust made and entered into, in triplicate, this 9th day of February, 1939, by and between Citizens National Trust & Savings Bank of Los Angeles, a National Banking Association, as Trustee under its Trust No. 5873, party of the first part; Farm Home Builders, Incorporated, a corporation, as Trustor and/or Beneficiary, party of the second part; and Pan American Bank of California, a corporation, now in process of liquidation, by John McFaul, Special Deputy Superintendent of Banks, in charge of said Liquidation, as first Payee, party of the third part.

Witnesseth:

That, Whereas, on, to-wit, the 2nd day of December, 1929, a certain Declaration of Trust No. 5873, was made and entered into by and between the above parties, wherein is set forth the terms, conditions, trusts, covenants and agreements under which the title to certain real and/or personal property therein more particularly described, is held in Trust by the said Trustee, and the particular terms and conditions under which the same is to be sold, assigned, transferred or conveyed; and

Whereas, by a Supplementary Agreement and Amendment to the Declaration of said Trust was made and entered into on, to-wit, the 28th day of October, 1935, the release prices of certain parcels of property held by said

(Petitioners' Exhibit No. 1)

Trustee under said Declaration of Trust were amended as therein set forth; and

Whereas, it is now desired to again amend and modify the release prices of the property now remaining in said Trust in order to facilitate the sale thereof; and

Whereas, in Subdivision "A", Paragraph 3 of said Declaration of Trust, it is provided that no Lot or Parcel of real property shall be sold for less than the price listed in the Schedule of Minimum Selling Prices to be established by the Beneficiary and approved by the Trustee and first Payee, the total of which schedule is to be not less than Two Hundred Ninety-Five Thousand and No/100 (\$295,000.00) Dollars; and

Whereas, a Schedule of Minimum Selling Prices as above referred to was approved by the parties to said Trust, and was attached to and thereby became a party of said Declaration of Trust; and

Now, Therefore, it is hereby mutually agreed that said Declaration of Trust be and is hereby modified and amended in the following respects, to-wit:

1. That as to the several lots and parcels of real property now held under said Declaration of Trust, the new modified and amended release prices on the sale thereof shall hereafter be as set forth in the Schedule attached hereto, designated as Exhibit "A", and made a part hereof.

2. That the Schedule of Minimum Selling Prices hereinabove and in Subdivision "A", Paragraph 3 of said Declaration of Trust referred to, be cancelled, and in lieu thereof that the Trustee be authorized to accept and complete the sale of any of the lots and/or parcels of property hereinafter referred to for such sales prices and

(Petitioners' Exhibit No. 1)

upon such terms and conditions as may meet with its approval and as submitted to it by Farm Home Builders, Incorporated, F. D. Hall, or any authorized selling agent, provided, however, that the sales price of each such lot or parcel of property so requested and submitted to the Trustee for approval shall be for an amount sufficient to pay the modified and amended release price of such lot or parcel as hereinafter set forth, the selling commission, delinquent and current taxes, if any, Trustee's fees as provided in said Declaration of Trust, and all costs, charges and expenses of completing such sales.

3. That in the event of the cancellation of any present outstanding contracts or agreements to convey covering any of the lots or parcels of property hereinafter described and referred to either by surrender of the contract and quitclaim deed or appropriate court proceedings, in such event the minimum sales prices and release prices respectively of each of such lots or parcels of property shall be as herein provided.

4. That in all other respects the said Declaration of Trust shall be and remain in full force and effect and binding upon the respective parties hereto.

5. That by their respective signatures hereunto attached the several parties to this Agreement and Modification of Declaration of Trust do hereby ratify, approve and confirm the same, and do mutually covent and agree, for themselves, their successors or assigns, to be and become bound thereby.

In Witness Whereof, the respective parties to this Agreement and Amendment to Declaration of Trust have

(Petitioners' Exhibit No. 1)

hereunto caused their names and seal to be affixed by their proper officers thereunto duly authorized, this the day and year first above written.

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

As Trustee under its Trust No. 5873

By
Carl P. Smith, Vice President

By
C. M. MacFarlane, Assistant Trust Officer
PARTY OF THE FIRST PART.

FARM HOME BUILDERS, INCORPORATED

By F. D. HALL

President

By
Secretary
PARTY OF THE SECOND PART.

PAN AMERICAN BANK OF CALIFORNIA
in Liquidation

By John McFaul

John McFaul, Special Deputy Superintendent
of Banks

FIRST PAYEE

PARTY OF THE THIRD PART.

F. D. HALL

F. D. Hall

M. S. HALL

M. S. Hall

(Petitioners' Exhibit No. 1)

TRUST 5873

Exhibit "A"

SCHEDULE OF AMENDED RELEASE PRICES

Tracts in Sections 7, 8, 17, 18, T. 6 N., R. 13 W.,
SBB & M.

		Acreage or	Amended
		Frontage	Release
			Price
Tract 1	a	60'	\$ 36.00
	b	"	36.00
	c	"	50.00
	d	"	30.00
	e	"	30.00
	f	"	30.00
	g	"	30.00
	h	"	30.00
Tract 2	d	"	56.00
	e	"	66.00
	f	"	75.00
	g	"	84.00
	h	"	95.00
	i	"	105.00
	j	"	30.00
	k	"	30.00
	l	2	30.00
	m	"	30.00
	n	"	30.00
	o	"	30.00
	q	50'	38.00
	r	"	39.00
	s	"	41.00

(Petitioners' Exhibit No. 1)

		<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract	3	c	60'	140.00
		e	"	200.00
		f	"	20.00
		g	"	20.00
		h	"	20.00
		i	"	20.00
		j	2	30.00
Tract	4	b	100' short	60.00
		d	"	200.00
		g	75'	150.00
Tract	5	Out		
Tract	6	Out		
Tract	7	a	2.53 a.	250.00
		b	2.48	250.00
		c	"	250.00
		d	"	250.00
Tract	8	Out		
Tract	9	Out		
Tract	10	a	2.53 a.	150.00
		b	2.48	150.00
		c	2.48	150.00
		d	2.48	150.00
Tract	11	a	2.53	150.00
		b	2.48	150.00
		c	2.48	150.00
		d	2.48	150.00
Tract	12	Out		

(Petitioners' Exhibit No. 1)

Trust 5873 Page 2 Schedule of Amended Release Prices

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 13	a	2.48 a	\$ 200
	b	"	"
	c	.98	"
	d	"	120.
	e	"	"
	f	"	"
	g	1.07	"
Tract 14	a	1.41	150
	e	1.08	82
	g	.96	120
	h	1.34	158
Tract 15	Out		
Tract 16	a	2.50 a.	200
	b	"	"
	c	1.24	120
	d	1.25	120
	e	1.26	150
	f	1.25	150
Tract 17	a	2.54 a	150
	b	1.10	150
	c	1.33	150
	d	1.25	100
	e	1.26	100
	f	1.36	150
	g	1.17	150
Tract 18	a	2.54 a	30
	b	2.54	50
	d	2.54	30
	e	2.42	120
	f	2.42	120

(Petitioners' Exhibit No. 1)

	Lot	Acreage or Frontage	Amended Release Price
Tract 19	a	2.54	20
	b	2.54	20
	c	2.54	20
	d	2.54	20
	e	2.42	100
	f	2.42	100
Tract 20	a	2.54	20
	b	2.54	20
	c	2.54	20
	d	2.54	20
	e	1.98	80
	f	2.34	100
Tract 21	a	2.54	20
	b	2.54	20
	c	3.81	100
	d	3.15	100
Tract 22	a	2.53	20
	b	2.56	20
	c	2.56	20
	d	2.64	80
	e	2.41	80
	f	2.30	80
Tract 23	Out		
Tract 24	a	2.54 a	100
	b	2.49	100
	d	2.64	100
Tract 25	c	2.49	100
	d	2.49	100
Tract 26	a	2.54	100
	b	2.49	100
	c	2.49	100

(Petitioners' Exhibit No. 1)

Trust 5873 Page 3 Schedule of Amended Release Prices

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 26			
	cont'd-d	2.49	\$ 100
Tract 27	Out		
Tract 28	a	2.54 a	100
	c	2.49	100
	d	2.49	100
Tract 29	Home Place	30 a.	4,000
Tract 30	None		
Tract 31	Home Place	20 a.	600
Tract 32	a	2.39	100
	c	2.61	100
	d	2.39	100
	w.	9.93	200
Tract 33	b	2.80 a.	120
	c	2.80	120
Tract 34	a	2.17	100
	b	2.17	100
	c	2.17	100
Tract 35	Out		
Tract 36		8.74 a.	400
Tract 37	Out	6.63 a. lake	
Tract 38	Out		
Tract 39	a	2.17 a.	100
	b	2.17	100
	c	2.17	100
	d	2.19	100
Tract 40	a	2. a	80
	b	4.47	200
	c	2.17	80

(Petitioners' Exhibit No. 1)

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 41	a	3. a	80
	c	2.74	80
	d	2.69	80
Tract 42	a	2.52	100
	b	2.49	100
	c	2.49	100
	d	2.49	100
Tract 43	a	3.06	120
	b	.82	40
	d	1. a	100
	e	2.40	100
	f	2.18	100
Tract 44	a-1	1.09	20
	b-1	.98	40
	c	1.08	40
	d-1	9.84	250
	e	1.04	40
	f-1	.86	40
	g-1	1. a	50
Tract 45	Out		
Tract 46	Out		
Tract 47	a	2.09 a	100
	b	1.72	100
	c	2.00	100
	d	1.10	100
	e	1.10	100
	f	2.04	150
	g	2.15	150
	h	1.08	80
	i	1.30	120

(Petitioners' Exhibit No. 1)

Trust 5873 Page 4 Schedule of Amended Release Prices

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 48	a	1.73	200
	b	1.49	150
	c	1.33	100
	d	1.83	100
	e-1	2.87	150
	f	2.60	80
	g	2.62	100
	h	2.30	150
Tract 49	a	1.61 a.	200
	b	1.90	200
	c	1.81	200
	d	1.55	200
	e	1.98	60
	f	2.04	60
	g	2.30	60
	h	2.63	60
Tract 50	a	.93	40
	b	1.00	40
	c	.86	50
	d	1.54	20
	e	1.68	20
	f	.82	20
	g	1.23	60
	h	1.00	40
Tract 51	e	50'	20
	f	50'	20
	g	50'	20
	h	50'	20
	i	50'	20

(Petitioners' Exhibit No. 1)

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 52	a	2.52 a	70
	b	2.49	70
	c	2.49	70
Tract 53	a	3.49	60
	c	2.72	60
	d	2.72	60
Tract 54	c	2.68	40
	d	2.68	40
	e	2.63	40
Tract 55	Out		
Tract 56	b	2.95	30
	c	2.91	30
	e	5.42	30
	f	2.65	60
	g	2.83	80
Tract 57	c	2.60	100
	d	2.60	100
Tract 58	Out		
Tract 59	c	2.49 a.	100
	d	2.49	100
Tract 60	a	2.52	100
	b	2.49	100
	c	2.49	100
	d	2.49	100
Tract 61	a	3.04	120
	b	.86	40
	c	.86	40
	d	.98	50
	e	2.10	100
	f	2.18	100

(Petitioners' Exhibit No. 1)

Trust 5873 Page 5 Schedule of Amended Release Prices

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 62	a	1.70 a.	60
	b	1.70	60
	c	1.70	60
	d	50'	20
	e	50'	20
	f	50'	20
	g	50'	20
	h	50'	20
	i	50'	20
Tract 63	a	1.15 a.	50
	b	2.36	100
	c	2.36	100
	d	2.36	100
	e	.88	40
	f	.86	40
Tract 64	a	.93	40
	b	2.40	80
	c	2.40	80
	d	2.40	80
	e	.91	40
	f	1.04	40
Tract 65	a	2.23	100
	b	1.76	80
	c	1.77	80
	d	2.73	60
	e	2.79	60
	f	2.88	60
	g	2.98	60
Tract 66	a	1.71	80

(Petitioners' Exhibit No. 1)

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
	b	1.67	80
	c	1.54	80
	d	1.33	80
	e	2.92	60
	f	2.84	60
	g	2.83	60
	h	2.81	60
Tract 67	a	1.20	60
	b	1.26	60
	c	1.32	60
	d	2.25	60
	e	2.40	60
	f	2.55	60
Tract 68	a	1.50	70
	b	1.50	70
	c	1.51	70
	d	2.17	60
	e	2.29	60
	f	2.42	60
Tract 69	a	1.55	70
	b	1.55	70
	d	1.84	40
	e	1.86	40
	f	1.99	40
Tract 70	a	1.59	200
	b	1.64	200
	c	1.64	200
	d	1.57	200
	e	2.74	50
	f	2.73	50
	g	2.76	50
	h	2.86	50

(Petitioners' Exhibit No. 1)

Trust 5873 Page 6 Schedule of Amended Release Prices

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 71	a	1.80	\$ 200.
	b	1.63	200
	c	1.54	200
	d	1.48	200
	e	2.95	50
	f	3.01	50
	g	3.15	50
	h	3.01	50
Tract 72	a	1.82	200
	b	1.82	200
	c	1.82	200
	d	1.82	200
	e	3.06	50
	f	3.13	50
	g	3.21	50
	h	3.29	50
Tract 73	a	1.77	150
	b	1.58	150
	c	1.77	150
	d	1.49	150
	e	1.54	150
	f	2.86	50
	g	2.99	50
	h	5.67	70
Tract 74	a	4.08	100
	b	4.08	100
	c	4.08	100
	d	4.08	100
	e	7.60	150

(Petitioners' Exhibit No. 1)

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 75	a	4.04	100
	b	4.05	150
	c	4.05	100
	d	5.08	100
Tract 76	a	3.63	50
	b	3.69	50
	c	3.75	50
	d	3.81	50
	e	3.88	50
	f	3.95	50
	g	4.03	50
	h	6.10	70
Tract 77	a	50'	40
	b	50'	40
	c	50'	40
	d	50'	40
	e	50'	40
	f	50'	40
	g	50'	40
	h	50'	40
	i	50'	40
	j	1.80 a	120
	k	3.09	250
	l	3.26	250
	m	3.32	200
	n	3.38	150
	o	3.44	150
	p	3.49	150
	r Out		
Tract 78		50'	40
Tract 79	Out		

(Petitioners' Exhibit No. 1)

Trust 5873 Page 7 Schedule of Amended Release Prices

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Tract 80	a	3.22 a	\$ 100
	b	3.31	150
	c	2.92	200
	d	2.53	200
	e	3.47	150
	f	3.41	100
	g	3.35	100
	h	3.29	100
	i	3.23	100
Tract 81	a	1.79	100
	b	3.92	120
	c	6.17	120
	d	8.43	120
Tract 82	a	10.66	150
	b	11.66	150
	c	11.45	120
	d	11.07	120
	e	10.68	100
Tract 83	a	3.17	80
	b	3.11	80
	c	3.05	80
	d	2.99	80
	e	2.93	80
	f	2.87	80
	g	2.81	80
	h	4.15	80
Tract 84	a	10.30	100
	b	9.92	100
	c	9.53	120
	e	8.76	150

(Petitioners' Exhibit No. 1)

		Acreage or Frontage	Amended Release Price
	<u>Lot</u>		
Tract 85	a	8.38	80
	b	8.02	80
	c	7.65	80
	d	7.28	100
	e	6.91	120
	f	6.54	80
Tract 86	a	2.67	150
	b	2.61	150
	c	2.55	80
	d	2.83	80
Tract 87	a	2.45	80
	b	2.39	80
	c	2.33	80
	g	3.02	120
Tract 88	a	6.14	60
	b	5.77	80
	c	5.40	100
	d	5.03	140
Tract 89	a	4.27	140
	b	3.90	120
	c	6.41	200
Section 1	6 N 14 W	N 1/2 – 320 a.	1200
		S 1/2 – 320 a.	4000
Section 2			
	S W 1/4 N.E. of Highway	90 acres	1000
	S.W. of Highway	70 acres	1000
Section 2			
	S.W. 1/4 of SE 1/4 Lots U	20 acres	600
	“ “ “ V	20 acres	600

(Petitioners' Exhibit No. 1)

	<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
Section 11	Lot a	10 a	400
	b	10 a	400
	c	10	400
	d	10	400
	e	20	600

Trust 5873 Page 8 Schedule of Amended Release Prices

Tract

Section 11	f	20	\$ 500
cont'd.	g	20	200
	h	20	600
	i	20	500
	j	20	400

Section 12 6 N. 14 W.

a	10	400
b	10	300
c	10	120
d	20	500
e	60	600
f	10	200
g	10	100
h	10	400
i	10	300
j	10	200
k	10	200
l	10	200
m	20	200

(Petitioners' Exhibit No. 1)

<u>Lot</u>	<u>Acreage or Frontage</u>	<u>Amended Release Price</u>
n	20	150
o	20	150
p	20	200
q	20	250
r	20	300
s	10	250
t	10	400
u	40	600
v	40	600
w	40	600
x	20	300
y	20	300
Section 13, 6 N. 14 W		
Portion of Lot g 27-1/2 a.		100
Section 13, Lot G		
c	2.49	30
e	9.98	50
Section 13, Lot H		
a	2.44	30
c	2.56	30
d	2.56	30
e	2.50	20
f	2.50	20
Total		

(Petitioners' Exhibit No. 1)

EXHIBIT "F"

ASSIGNMENT OF BENEFICIAL INTEREST

No. 1235

For Value Received, We, Pan American Bank of California, a Corporation in Liquidation, by John McFaul, Special Deputy Superintendent of Banks, do hereby assign, transfer and set over unto Pacific States Corporation, a corporation, all its interest in and to the Trust evidenced by that certain Declaration of Trust dated Dec. 2, 1929 and issued by the Citizens Trust and Savings Bank, a corporation and/or Citizens National Trust & Savings Bank of Los Angeles, a national banking association under its Trust No. 5902 together with a like interest in and to the net proceeds and avails arising or growing out of the said Trust, and said Trustee is hereby authorized to pay and turn over unto said Assignee all moneys and benefits growing out of the said interest hereby assigned and to consider said Assignee a Beneficiary under said Trust to the extent of said interest.

This Assignment is made, however, subject to all of the terms and conditions of said Declaration of Trust.

Dated November 2nd, 1939.

PAN AMERICAN BANK OF CALIFORNIA
a corporation in Liquidation

(Seal) By JOHN McFAUL
John McFaul

J McF Special Deputy Superintendent of Banks

(Acknowledged 11/2/1939)

(Petitioners' Exhibit No. 1)

ASSIGNEE'S ACCEPTANCE

We, Pacific States Corporation, a Corporation, do hereby accept the above Assignment to the interest above set out in and to said Trust No. 5902, and do also hereby agree to and do approve, ratify and confirm said Declaration of Trust and all amendments thereto in all particulars.

Dated Nov. 3, 1939

PACIFIC STATES CORPORATION

(Seal)

By HULETT C. MERRITT

President

By C. H. DICKINSON

Secretary

TRUSTEE'S ENDORSEMENT

The original of this Assignment filed in the Trust Department of the Citizens National Trust & Savings Bank of Los Angeles, this 10th day of November, 1939.

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

By FRANK A. FORD

Assistant Trust Officer

(Petitioners' Exhibit No. 1)

EXHIBIT "G"

No. 1236

ASSIGNMENT OF FIRST PAYEE'S INTEREST

For Value Received, We, Pan American Bank of California, a Corporation in Liquidation, by John McFaul, Special Deputy Superintendent of Banks, do hereby assign, transfer and set over unto Pacific States Corporation, a corporation, all of its First Payee's, as party of the third part, Interest in and to the Trust evidenced by that certain Declaration of Trust dated Dec. 2, 1929 and issued by the Citizens Trust and Savings Bank, a corporation and/or Citizens National Trust & Savings Bank of Los Angeles, a national banking association under its Trust No. 5873 together with a like interest in and to the net proceeds and avails arising or growing out of the said Trust, and said Trustee is hereby authorized to pay and turn over unto said Assignee all moneys and benefits growing out of the said Interest hereby assigned and to consider said Assignee a Payee under said Trust to the extent of said Interest.

This Assignment is made, however, subject to all of the terms and conditions of said Declaration of Trust.

Dated November 2nd, 1939.

PAN AMERICAN BANK OF CALIFORNIA
a Corporation in Liquidation

(Seal) By JOHN McFAUL

John McFaul

J McF

Special Deputy Superintendent of Banks

(Acknowledged 11/2/1939)

(Petitioners' Exhibit No. 1)

ASSIGNEE'S ACCEPTANCE

We, Pacific States Corporation, a corporation, do hereby accept the above Assignment to the interest above set out in and to said Trust No. 5873, and to also hereby agree to and do approve, ratify and confirm said Declaration of Trust and all amendments thereto in all particulars.

Dated Nov. 3, 1939

PACIFIC STATES CORPORATION

(Seal)

By HULETT C. MERRITT

President

By C. H. DICKINSON

Secretary

TRUSTEE'S ENDORSEMENT

The original of this Assignment filed in the Trust Department of the Citizens National Trust & Savings Bank of Los Angeles, this 10th day of November, 1939.

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

By FRANK A. FORD

Assistant Trust Officer

(Petitioners' Exhibit No. 1)

EXHIBIT "H"

NOTICE OF BREACH OF OBLIGATION AND OF ELECTION TO SELL TRUST PROPERTY

To Whomsoever It May Concern:

Notice is hereby given, that, whereas default, as hereinafter more particularly set forth, has occurred in the performance of certain conditions and obligations of a certain Declaration of Trust dated December 2, 1929, executed by Citizens National Trust & Savings Bank of Los Angeles, a National Banking Association, as Trustee and Party of the First Part; Farm Home Builders, Incorporated, a Corporation, Trustor and/or Beneficiary, Party of the Second Part; Pan American Bank of California, a Corporation, First Payee, Party of the Third Part, and Phillips & Hambaugh Realty & Construction Company, a Corporation, Second Payee, Party of the Fourth Part; said Declaration of Trust being designated in the files of said Trustee as Trust No. 5873; and

Whereas, said Declaration of Trust provides, among other things, that the Trustor caused to be conveyed to Trustee in trust with power of sale certain real property situate in the County of Los Angeles, State of California, the property so conveyed being described in that deed dated January 7, 1930, executed by the Pan American Bank of California, a Corporation, in favor of Citizens National Trust & Savings Bank of Los Angeles, recorded January 17, 1930, in Book 9691 at Page 133 of Official Records of said County, which property, except those portions thereof heretofore conveyed by said Trustee, by the

(Petitioners' Exhibit No. 1)

deeds described in Exhibit A attached hereto, now forms the remaining corpus of said Trust; and

Whereas, said Declaration of Trust also provides that Trustor caused to be transferred and assigned to Trustee in trust with power of sale certain Agreements of Sale of Real Estate covering portions of said property; for all particulars relative to those of said Agreements of Sale of Real Estate now remaining outstanding and unpaid, and to similar Agreements of Sale subsequently executed by said Trustee and now constituting a portion of the trust estate held by said Trustee under said Declaration of Trust, reference is made to the files and records of said Trustee; and

Whereas, by the terms and provisions of said Declaration of Trust, it is further provided that said trust was created, among other things, to secure the payment of the indebtedness of the Trustor therein to Pan American Bank of California, a Corporation, therein designated as First Payee and Party of the Third Part, in the sum of \$45,000.00, together with interest thereon and/or any renewal or renewals and/or extensions thereof; and to secure to the Trustee payment of all fees, commissions and advancements made under the terms thereof; also that it shall be the duty of Beneficiary to proceed with all diligence to sell the unsold portions of the trust property upon the terms and conditions therein provided, and that said Beneficiary covenants and agrees to deposit with Trustee all sums necessary for the payment of items shown in Article III of said Declaration of Trust, said items including, among others, payment of taxes, assess-

(Petitioners' Exhibit No. 1)

ments and other liens or encumbrances upon the trust property; and

Whereas, the interest of said Phillips & Hambaugh Realty & Construction Company, a Corporation, as Second Payee and Party of the Fourth Part, in and under said Declaration of Trust, was heretofore and on, to-wit: the 26th day of April, 1938, fully released, satisfied and discharged, and

Whereas, the interest of said Pan American Bank of California, a Corporation, was subsequently acquired by the State Superintendent of Banks of the State of California in process of liquidation of said Bank, and was by said Superintendent of Banks on November 2, 1939, duly assigned to Pacific States Corporation, a Corporation, said last named corporation being now the owner and holder of said note and Party of the Third Part's beneficial interest in and under said Declaration of Trust, and, as such, the present First Payee under said Declaration of Trust; and

Whereas, in Article VI of said Declaration of Trust, it is further provided, among other things, that if one or more certain events, therein called events of default, shall happen, that is to say:

1. If default shall be made in the payment of interest due the Pan American Bank of California, as and when the same shall become due and payable;
2. If default shall be made in the payment of principal of the obligation due the Pan American Bank of California, as and when the same shall become due and payable; or

(Petitioners' Exhibit No. 1)

3. If default shall be made in the payment to the Trustee of any advances made by the Trustee and such default shall continue for a period of thirty days; or
4. If default shall be made in the due observance or performance of any other covenant or condition therein to be kept or performed, by the Beneficiary and/or the Trustor, and such default shall continue for a period of thirty days.

Then, and in each such case, the Trustee may, and upon the written request of the First Payee, shall, declare all obligations in favor of the Pan American Bank of California, and/or the Citizens National Trust & Savings Bank of Los Angeles, together with interest thereon, due and payable, and proceed to sell to the highest bidder, such portion, or all of the trust property, as in its discretion it may deem necessary or proper, in one or more or all of the manners and methods therein set forth; and

Whereas, default of said Trustor and/or Beneficiary, Farm Home Builders, Incorporated, a Corporation, under said Declaration of Trust, having heretofore occurred with respect to the following events:

1. Said Trustor and/or Beneficiary has failed and neglected to pay the remaining unpaid principal balance of said Trust Deed Note and obligation in the original sum of \$45,000.00, said remaining unpaid principal balance being in the sum of \$23,921.52, which matured and became due and payable on July 30, 1932;

(Petitioners' Exhibit No. 1)

2. Said Trustor and/or Beneficiary has also failed and neglected to pay the installment of interest on said Promissory Note and obligation which became due and payable on April 30, 1932, nor has any portion thereof since been paid, except the sum of \$363.85, which was applied on account of interest on August 23, 1937. No further payments of interest have been made on said obligation.
3. Trustor and/or Beneficiary has also failed and neglected to pay the regular installments of general and special State and County taxes on the property covered by said Declaration of Trust subsequent to 1931-32, save and except a payment of \$436.56 paid by said Trustee on September 27, 1938, and also a payment of \$278.97 paid by said Trustee on March 20, 1939.
4. Said Trustor and/or Beneficiary has also failed and neglected to proceed with all due diligence to sell the unsold portion of the trust property, upon the terms and conditions provided in said Declaration of Trust, as therein provided.

Now, Therefore, in accordance with the terms and provisions of said Declaration of Trust and by reason of the aforesaid events of default having heretofore occurred and having continued for a period of more than thirty (30) days, and written request and demand having been heretofore made upon Trustee by said Pacific States Corporation, as First Payee under said Declaration of Trust, to declare all obligations in favor of said First Payee,

(Petitioners' Exhibit No. 1)

as successor in interest to said Pan American Bank of California, together with interest thereon, due and payable, the undersigned Trustee, by virtue of the authority vested in it under said Declaration of Trust and more particularly in Article VI, above referred to, does now hereby declare the remaining unpaid principal of all sums due and payable upon said Promissory Note and obligations hereinabove referred to, together with interest thereon, to be immediately due and payable, and said undersigned Trustee has elected to cause this notice to be recorded in the office of the County Recorder of Los Angeles County, the Recorder of the County wherein said property is situated, and all of the property, both real and personal, constituting, as of the date hereof, the remaining corpus of said Trust and now held by said Trustee thereunder, and all of the right, title, claim, interest, and estate, both legal and equitable, of said Trustor and/or Beneficiary therein and thereto under said Declaration of Trust, or so much thereof as may be necessary, to be sold to satisfy said obligations.

Any such sale or sales, as and when made by Trustee as aforesaid, shall be made in the following manner prescribed by said Declaration of Trust, namely:

1. In the event of default and the election of the Trustee to sell, and/or upon the receipt of Declaration of Default and Demand for Sale, as hereinbefore provided, the Trustee, shall, without unnecessary delay, record in the Office of the Recorder of Los Angeles County, a notice of such breach and of the election to cause said property to be sold to satisfy said obligation. The ac-

(Petitioners' Exhibit No. 1)

ceptance of any sum or sums secured hereby, principal or interest, after the same becomes due and payable, or the performance of any or all obligations herein mentioned, shall not operate as a Waiver of the right to insist upon the payment when due of all other sums secured hereby and the performance of any or all other obligations herein mentioned and to declare default and proceed with the sale under said Declaration of Trust.

2. After three months shall have elapsed following the recordation of said Notice of Breach, the Trustee without demand, shall sell said property in such parcels and at such times and places as it shall deem best to accomplish the objects of these Trusts, having first given notice of the time and place of such sale or sales, in the manner and for a time not less than that required by law for sales of real property upon the execution and under Deeds of Trust.

3. The Trustee may from time to time postpone the sale of all or any portion of said property by the publication, prior to the date of sale so advertised, of a notice of postponement in the same newspaper or newspapers in which the original notice of sale was published, or by public announcement thereof at the time and place of sale so advertised or postponed.

At the time and place of sale fixed as provided in said Declaration of Trust, the Trustee shall sell the property so advertised, or any portion thereof, either en masse or in separate parcels at its own discretion at public auction, to the highest and best bidder for cash, in gold coin of the United States, and after any such sale and due payment made, shall execute and deliver to the pur-

(Petitioners' Exhibit No. 1)

chaser or purchasers, a Deed or Deeds or other appropriate instruments conveying the property so sold to such purchaser or purchasers, but without covenant or warranty, express or implied, regarding the title or encumbrances, whereupon such purchaser or purchasers shall be let into immediate possession of said property, and all other persons in possession thereof shall be deemed to be tenants at sufferance and the recitals, in any such Deed, of any facts or matters affecting the regularity or validity of such sale, shall be conclusive proof of the truthfulness of such recitals, and such Deed shall be conclusive against all persons as to all matters therein recited. The Trustee, as well as the Beneficiary or any representative, heir or successor, as well as any other person or party, or any person acting on behalf of either or all or any of them, may purchase at such sale. The purchaser under such foreclosure sale shall be entitled to and shall receive the following and only the following:

- (a) Title to all lots not previously deeded and not sold under contract at the date of the Declaration of Default.
- (b) The proceeds which would have accrued to the benefit of said Trust and to the Beneficiary thereunder, in the event that there had been no default in any of the terms of said Declaration of Trust, arising from all lots and parcels of real estate sold thereunder. Provided, however, that in the event of the release of the contract lien on any lot or parcel of real estate (1) by cancellation of the contract, other than cancellation for the purpose of issuing Deed, or: (2) by suit to quiet title, the

(Petitioners' Exhibit No. 1)

title to said lot shall vest as in (a) supra by issuance of conveyance running from the Trustee hereunder to the purchaser under said Foreclosure Sale.

In Witness Whereof. said Citizens National Trust & Savings Bank of Los Angeles has this 3rd day of July, 1940, hereunto caused its name and seal to be affixed by its Vice President and Assistant Trust Officer thereunto duly authorized.

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES as Trustee
under said Declaration of Trust No. 5873

By CARL P. SMITH

Seal

Vice President

By FRANK A. FORD

Assistant Trust Officer

State of California, County of Los Angeles—ss.

On this 3rd day of July, 1940, before me, the undersigned, a Notary Public in and for said County, personally appeared Carl P. Smith, known to me to be the Vice President, and Frank A. Ford, known to me to be the Assistant Trust Officer of the Citizens National Trust & Savings Bank of Los Angeles, the National Banking Association that executed the within and foregoing instrument, as Trustee under its Declaration of Trust No. 5873, and known to me to be the persons who executed the within instrument on behalf of the Association therein named and acknowledged to me that such Association executed the same as said Trustee.

(Petitioners' Exhibit No. 1)

Witness my hand and official seal the day and year in this certificate first above written.

Notary Public in and for the County of Los Angeles,
State of California.

Exhibit "A"

FARM HOME BUILDERS—TRUST 5873

Tract 5148 and Acreage

Recording References of Deed Conveyances Heretofore
Executed by Citizens National Trust & Savings
Bank of Los Angeles, as of June 30, 1940, as Per
Official Records of Los Angeles County

Deed No.	Lot No.	Recording No.	Date of Recording	Book	Page
*1	Pt. 4	see below			
2	" H	550	7/23/30	10188	88
3	" H	601	6/25/30	10102	144
4	" 14	1120	3/ 6/31	10750	45
*5	" 24	see below			
6	" 54	739	6/ 3/33	12209	149
7	" 58	1152	9/ 4/31	11155	31
8	" 2	614	4/ 8/32	11572	20
9	" 59	817	9/ 1/31	11128	67
10	" 14	1241	8/20/31	11033	352
11	" 4	738	1/20/33	12042	23
12	" 57	447	10/ 7/31	11094	389
13	" 3	460	10/27/31	11231	100
14	" 33	493	10/24/31	11180	231

(Petitioners' Exhibit No. 1)

Tract 5148 and Acreage

Deed No.	Lot No.	Recording No.	Date of Recording	Book	Page
15	" 51	1169	3/ 2/32	11421	247
16	" 84	504	8/16/32	11739	167
17	" 25	961	3/ 5/34	12668	101
18	" 4	287	10/25/32	11854	183
19	" 27	962	3/ 5/34	12692	37
20	" 56	938	5/ 2/33	12180	75
21	" 51	1059	6/21/34	12870	76
22	("B" (Blk. G	559	7/18/33	12317	46
23	Pt. 34	754	8/11/33	12359	34
24	79	915	10/13/33	12409	144
25	"A" Blk. G	323	8/26/33	12335	200
26	Pt. 43	530	9/22/33	12354	223
27	" 41 & 53	293	11/18/33	12470	203
28	" 57	790	4/11/34	12724	136
*29	" 54	see below			
30	" 25	520	6/ 8/34	12738	359
31	" 27	625	4/21/36	14054	268
32	" 52	1453	10/23/34	12982	307
33	" 58	1083	6/26/36	14189	268
34	" 88	134	9/25/35	13678	109
35	" 27	646	8/26/35	13594	180
36	" 32	852	11/12/37	15464	15
37	" 87	1066	3/29/38	15684	140
*38	" 77	see below			
*39	" 56	see below			
40	" 77	1407	9/16/38	16023	274
41	" 77	241	12/ 2/38	16272	73
43	" 74 & 87	793	1/ 3/39	16340	50

(Petitioners' Exhibit No. 1)

Tract 5148 and Acreage

Deed No.	Lot No.	Recording No.	Date of Recording	Book	Page
44	" 83	462	3/11/39	16440	202
45	" 60	430	9/28/39	16893	94
46	" 3	828	12/ 5/39	17115	118
47	" 89	1104	11/17/39	17102	30
48	" SW 1/4	523	12/15/39	17153	82

Sec. 2,

Tp.6N.R.14W.

*Also the Following Parcels of Property Heretofore
Conveyed by Unrecorded Deeds of Conveyance,
viz:

1. The West 200 feet of the East 500 feet of Lot 4, Tract 5148, in the County of Los Angeles, State of California, as per map recorded in Book 56, Page 78 of Maps, Records of said County; said distances being measured along the North line of said Lot 4.
- 5 The South 169 feet of the North 510.56 feet of Lot 24, Tract 5148, County of Los Angeles, State of California, as per map recorded in Book 56, Page 78 of Maps, Records of said County; said distances being measured along the West line of said Lot 24.
- 29 Parcel 1. Lot 54, Tract 5148, County of Los Angeles, State of California, as per map recorded in Book 104, Page 77 of Maps, records of said County. Except from said Lot 54 the North 710.44 feet thereof, said distance being measured along the West line of said Lot 54.

(Petitioners' Exhibit No. 1)

Deed

No.

Parcel 2. An easement for road purposes over those portions of said Lot 54 and of Lot 53, Tract 5148, as per map recorded in Book 61, Page 57 of Maps, records of said County, lying within the lines of a strip of land 40 feet in width, the center line of which is described as follows:

Beginning at the North West corner of said Lot 53; thence South $0^{\circ} 35'$ East, along the West line of said Lot 53, 600.00 feet.

- 38 That portion of Lot 77, Tract 5148, County of Los Angeles, State of California, as per map recorded in Book 104, Page 78 of Maps, records of said County, described as follows:

Beginning at the South West corner of Lot 78, said Tract 5148; thence North $66^{\circ} 40' 41''$ West, along the South Westerly line of said Lot 77, 152.81 feet; thence North $3^{\circ} 25' 40''$ West, parallel with the West line and the North prolongation thereof, of said Lot 78, 440 feet to the true point of beginning; thence North $3^{\circ} 25' 40''$ West, along said parallel line, 80 feet; thence South $66^{\circ} 40' 01''$ East, parallel with said South Westerly line, 312.81 feet to the East line of said Lot 77; thence south $3^{\circ} 25' 40''$ East, along said East line, 80 feet; thence North $66^{\circ} 40' 01''$ West, parallel with said South Westerly line, 312.81 feet to the true point of beginning.

- 39 Parcel 1. That portion of Lot 56, Tract 5148, County of Los Angeles, State of California, as per map recorded in Book 104, Page 77 of Maps, records of said County, lying West of the South prolongation of a line parallel with and distant 40

(Petitioners' Exhibit No. 1)

feet East of the West line of Lot 63, said Tract 5148.

Except from the above described property the West 367.24 feet and the North 204 feet thereof.

Reserving an easement for road purposes over the North 40 feet of the above described property.

Parcel 2. An easement for road purposes over those portions of Lots 56, 57, 58 and 63, said Tract 5148, lying within the lines of a strip of land 40 feet in width, the West line of which is described as follows:

Beginning at the North West corner of said Lot 63, thence South $0^{\circ} 35'$ East, along the West line and the South prolongation thereof, of said Lot 63 to a point 204 feet South of the North line of said Lot 56.

EXHIBIT "I"

NOTICE OF TRUSTEE'S SALE

Whereas, on the 2nd day of December, 1929, Citizens National Trust & Savings Bank of Los Angeles, a National Banking Association, as Trustee, made and entered into a certain Declaration of Trust designated in the files of said Trustee as Trust No. 5873, wherein said Citizens National Trust & Savings Bank of Los Angeles is designated as Trustee and Party of the First part; Farm Home Builders, Incorporated, a corporation, Trustor and/or Beneficiary, Party of the Second Part, Pan-American Bank of California, a corporation, First Payee, Party of the Third Part, and Phillips & Hambaugh Realty & Con-

(Petitioners' Exhibit No. 1)

struction Company, a corporation, Second Payee, Party of the Fourth Part;

Whereas, in said Declaration of Trust, it is provided, among other things that the Trustor had caused to be conveyed to Trustee in trust with power of sale certain real property situated in the County of Los Angeles, State of California, the property so conveyed being described in that deed dated January 7, 1930, executed by the Pan-American Bank of California in favor of Citizens National Trust & Savings Bank of Los Angeles, and recorded January 17, 1930, in Book 9691 at Page 133 of Official Records of said county, which property, except those portions thereof heretofore conveyed by said Trustee by certain deeds and instruments of conveyance more particularly described and referred to in Exhibit "A" of that certain Notice of Breach of Obligation and of Election to Sell Trust Property hereinafter more particularly referred to, and by instruments of conveyance executed by said Trustee subsequent to the date of execution and recordation of said Notice of Breach, now constitutes the remaining corpus of said Trust;

Whereas, said declaration of Trust also provided that the Trustor caused to be transferred and assigned to Trustee in trust with power of sale certain Agreements of Sale of Real Estate covering portions of said real property, for all particulars relative to those of said Agreements of Sale of Real Estate now remaining outstanding and unpaid, and to similar Agreements of Sale subsequently executed by said Trustee under said Declaration of Trust, reference is made to the files and records of said Trustee, and

(Petitioners' Exhibit No. 1)

Whereas, said Declaration of Trust further provided that said Trust was created, among other things, to secure the payment of the indebtedness of the Trustor therein to Pan-American Bank of California, a corporation, therein designated as First Payee and Party of the Third Part, in the sum of \$45,000.00, together with interest thereon and/or any renewal or renewals and/or extensions thereof; and to secure to the Trustee payment of all fees, commissions and advancements made under the terms thereof; also that it should be the duty of Beneficiary to proceed with all diligence to sell the unsold portion of the trust property upon the terms and conditions therein provided, and that said Beneficiary agreed to deposit with Trustee all sums necessary for the payment of items shown in Article III of said Declaration of Trust, said items including, among others, payment of taxes, assessments and other liens or encumbrances upon the trust property; and

Whereas, the interest of said Phillips & Hambaugh Realty & Construction Company, a corporation, as Second Payee and Party of the Fourth Part, in and under said Declaration of Trust, was heretofore and on, to-wit: the 26th day of April, 1938, fully released, satisfied and discharged, and

Whereas, the interest of said Pan-American Bank of California, a corporation, was subsequently acquired by the State Superintendent of Banks of the State of California in process of liquidation of said Bank, and was by said Superintendent of Banks on November 2, 1939, duly assigned to Pacific States Corporation, a corporation, said last named corporation being now the owner and holder of said note and Party of the Third Part's beneficial in-

(Petitioners' Exhibit No. 1)

terest in and under said Declaration of Trust, and, as such, the present First Payee under said Declaration of Trust; and

Whereas, Article VI of said Declaration of Trust further provided, among other things, that if one or more certain events, therein called events of default, should happen, that is to say: (1) If default shall be made in the payment of interest due the Pan-American Bank of California, as and when the same shall become due and payable; (2) If default shall be made in the payment of principal of the obligation due the Pan-American Bank of California, as and when the same shall become due and payable; or (3) If default shall be made in the payment to the Trustee of any advances made by the Trustee and such default shall continue for a period of thirty days; or (4) If default shall be made in the due observance or performance of any other covenant or condition therein to be kept or performed, by the Beneficiary and/or Trustor, and such default shall continue for a period of thirty days, then, and in each such case, the Trustee may, and upon the written request of the First Payee, shall, declare all obligations in favor of the Pan-American Bank of California, and/or the Citizens National Trust & Savings Bank of Los Angeles, together with interest thereon, due and payable, and proceed to sell to the highest bidder, such portion, or all of the trust property, as in its discretion it may deem necessary or proper in the manner therein and in the Notice of Breach and Election hereinafter referred to contained and set forth; and

Whereas, default of said Trustor and/or Beneficiary, Farm Home Builders, Incorporated, a corporation, under

(Petitioners' Exhibit No. 1)

said Declaration of Trust, having heretofore occurred with respect to the following events, to-wit: (1) Said Trustor and/or Beneficiary has failed and neglected to pay the remaining unpaid principal balance of said obligation in the original sum of \$45,000.00, said remaining unpaid principal balance being in the sum of \$23,921.52, which matured and became due and payable on July 30, 1932; (2) Said Trustor and/or Beneficiary has also failed and neglected to pay the installment of interest on said promissory note and obligation which became due and payable on April 30, 1932, nor has any portion thereof since been paid, except the sum of \$363.85 which was applied on account of interest on August 23, 1937. No further payments of interest have been made on said obligation; (3) Trustor and/or Beneficiary also failed and neglected to pay the regular installments of general and special State and County taxes on the property covered by said Declaration of Trust subsequent to 1931-32, save and except a payment of \$436.56 paid by said Trustee on September 27, 1938, and also a payment of \$278.97 paid by said Trustee on March 20, 1939; (4) Said Trustor and/or Beneficiary also failed and neglected to proceed with all due diligence to sell the unsold portion of the trust property, upon the terms and conditions provided in said Declaration of Trust, as therein provided; and

Whereas, the aforesaid events of default having occurred and having continued for a period of more than thirty days, and written request and demand having been made upon Trustee by said Pacific States Corporation, as First Payee under said Declaration of Trust, to declare all obligations in favor of said First Payee, as successor in interest

(Petitioners' Exhibit No. 1)

to said Pan-American Bank of California, together with interest thereon, due and payable, the undersigned, Citizens National Trust & Savings Bank of Los Angeles, as Trustee in and under said Declaration of Trust, in accordance with its terms and provisions and by virtue of the authority vested in it therein, did, on the Third day of July, 1940, declare the remaining unpaid principal due upon said promissory note and the obligations hereinabove referred to, together with interest thereon, to be immediately due and payable, and there after on the Third day of July, 1940, did cause to be recorded in the Office of the County Recorder of Los Angeles County a Notice of Breach of Obligation and of Election to Sell Trust Property in Book 17652 at Page 135 of Official Records of said County; and

Whereas, the aforementioned events of default having heretofore occurred and still continuing to exist notwithstanding written notice and demand having heretofore been made upon said Trustor and/or Beneficiary for the payment of the amounts due and payable under said Trust, and the performance of the obligations therein assumed and to be kept and performed by said Trustor and/or Beneficiary, and more than three months having elapsed subsequent to the recordation of said Notice of Breach of Obligation and of Election to Sell Trust Property as heretofore set forth;

Now, therefore, notice is hereby given by the undersigned, Citizens National Trust & Savings Bank of Los Angeles, that in accordance with the terms and provisions of said Declaration of Trust and by virtue of the authority therein vested in it as Trustee, it will offer for sale

(Petitioners' Exhibit No. 1)

and sell at public auction to the highest and best bidder, for cash payable in lawful money of the United States of America, at the Eastern entrance to the Hall of Justice, in the city of Los Angeles, County of Los Angeles, State of California, on Wednesday, the 13th day of November, 1940 at the hour of Eleven (11:00) o'clock A. M. of said day, all right, title, estate and interest now held by and vested in it as such Trustee in and to the following described real and personal property situated in the County of Los Angeles, State of California, subject, however, to all of the terms and conditions of said Declaration of Trust pertaining to the retention of title to the parcels of said real property covered by then outstanding Contracts and Agreements of Sale. At the time and place of said sale, the purchaser shall be entitled to and shall receive the following, and only the following: (a) Title to all lots and parcels of real property not previously deeded and not sold under Contracts and Agreements of Sale at the date of said sale; (b) The proceeds arriving from all lots and parcels of real property to be sold which would have accrued to the benefit of said Trust and to the Trustor and/or Beneficiary thereunder in the event that no default had occurred under the terms of said Declaration. Provided, however, that in the event of the release of the contract lien on any lot or parcel of real estate, either (1) by cancellation of the Contract other than cancellation for purpose of issuing Deed, or (2) by suit to quiet title, the title to said lot or parcel shall vest as in paragraph (a) supra, by issuance of conveyance running from said Trustee to the purchaser under said foreclosure sale. The title to any lot or parcel of real property subject to any

(Petitioners' Exhibit No. 1)

existing Contracts and Agreements of Sale executed by the Trustee prior to the time of said sale shall remain vested in the Trustee, for the sole use and benefit of the purchaser or purchasers at such sale, and the proceeds received from collections on said Contracts shall be applied by said Trustee for the benefit of said purchaser or purchasers, with the right in the Trustee to deduct from such collections its necessary expenses and the fees for such collections, as provided in Article III of said Declaration of Trust.

Description of the property is as follows:

Parcel 1: The West half of Lot 1 and all of Lots 2, 3, 4, 7, 10, 11, 13, 14, 16, 17, 18, 19, 20, 21, 22, 24, 25, 26, 28 and 29 of Tract No. 5148, Sheet 1, in the County of Los Angeles, State of California, as per map recorded in Book 56, Page 78 of Maps in the office of the County Recorder of said County.

Lots 31, 32, 33, 34, 36, 39, 40, 41, 42, 43, 44, 47, 48, 49, 50, 51, 52 and 53 of Tract No. 5148, Sheet 2, in said County and State, as per map recorded in Book 61, Page 57 of said Map Records.

Lots 54, 56, 57, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72 and 73 of Tract No. 5148, Sheet 3, in said County and State, as per map recorded in Book 104, Page 77 of said Map Records.

Lots 74, 75, 76, 77, 78, 80, 81, 82, 83, 84, 85, 86, 87, 88 and 89 of Tract No. 5148, Sheet 4, in said County and State, as per map recorded in Book 104, Page 78 of said Map Records.

(Petitioners' Exhibit No. 1)

Excepting from said Parcel the following described parcels of land:

(a) Those portions of said Lot 2 described as follows:

1. All of said Lot 2, except the East 684.50 feet thereof, measured along the North line of said Lot 2; also except the North 319.32 feet thereof, measured along the East line thereof.

2. The West 66 feet of the East 684.50 feet of said Lot 2, except the North 319.32 feet thereof, said distances being measured along the North and East lines of said lot.

3. The West 60 feet of the East 618.50 feet of said Lot 2, except the North 319.32 feet thereof, said distances being measured along the North and East lines of said lot.

4. The South 79.83 feet of the North 319.32 feet of said Lot 2, except the East 558.50 feet thereof, said distances being measured along the East and North lines of said Lot 2.

(b) Those portions of said Lot 3 described as follows:

1. The West 100 feet of the East 413.72 feet of said Lot 3, except the North 400 feet thereof, said distances being measured along the North and East lines of said lot.

2. The West 100 feet of the East 213.72 feet of said Lot 3, except the North 400 feet thereof, said distances being measured along the North and East lines of said lot.

3. All of said Lot 3 except the East 413.72 feet thereof, said distance being measured along the North line of

(Petitioners' Exhibit No. 1)

said lot; also except the North 400 feet thereof, said distance being measured along the East line of said lot.

4. The East 113.72 feet, measured along the Northerly line of said Lot 3, excepting therefrom the Northerly 400 feet, measured along the Easterly line of said lot.

(c) Those portions of said Lot 4 described as follows:

1. The East 150 feet of said Lot 4, said distance being measured along the North line of said lot.

2. The West 150 feet of the East 300 feet of said Lot 4, said distances being measured along the North line of said lot.

3. The West 200 feet of the East 900 feet of said Lot 4, said distances being measured along the North line of said lot.

4. All of said Lot 4 except the East 1100 feet thereof, said distances being measured along the North line of said lot.

5. The West 200 feet of the East 500 feet of said Lot 4, said distances being measured along the North line of said lot.

(d) Those portions of said Lot 14 described as follows:

1. The North 120 feet of the South 360 feet of said Lot 14.

2. The North 120 feet of the South 480 feet of said Lot 14.

3. The North 120 feet of the South 600 feet of the West 351 feet of said Lot 14.

(Petitioners' Exhibit No. 1)

4. The North 120 feet of the South 240 feet of said Lot 14.

(e) The West 441.31 feet of the East 882.62 feet of said Lot 18, excepting therefrom the South 250.50 feet thereof.

(f) Those portions of Lot 24 described as follows:

1. The South 169 feet of the North 341.56 feet of said Lot 24.

2. The South 169 feet of the North 510.56 feet of said Lot 24, said distances being measured along the West line of said lot.

(g) Those portions of Lot 25 described as follows:

1. The North 172.56 feet of said Lot 25.

2. The South 169 feet of the North 341.56 feet of said Lot 25.

(h) The South 169 feet of the North 341.56 feet of said Lot 28.

(i) That portion of said Lot 32 described as follows:

Beginning at the Northeast corner of said lot; thence South $86^{\circ} 31' 32''$ West, along the North line of said lot, 662.50 feet; thence South $0^{\circ} 35'$ East, parallel with that certain East line of said lot which has a bearing of South $0^{\circ} 35'$ East and the South prolongation thereof, 329.52 feet to the true point of beginning; thence South $0^{\circ} 35'$ East, along said parallel line 172.26 feet; thence North $86^{\circ} 31' 32''$ East, parallel with said North line 661.4 feet to the East line of said lot; thence North $0^{\circ} 03' 40''$ West along said East line, 135.68 feet to an angle point therein; thence North $0^{\circ} 35'$ West, along said East

(Petitioners' Exhibit No. 1)

line, 36.58 feet to the intersection with a line parallel with said North line and which passes through the true point of beginning; thence South $86^{\circ} 31' 32''$ West, along the last described parallel line 662.50 feet to the true point of beginning.

(j) Those portions of said Lot 33 described as follows:

1. All of said Lot 33 except the North 360 feet thereof.
2. The South 180 feet of the North 360 feet of said Lot 33.

(k) All of said Lot 34 except the South 438 feet thereof.

(l) The South 180.93 feet of the North 542.79 feet of said Lot 41.

(m) Those portions of said Lot 43 described as follows:

1. The South 200 feet of said Lot 43.
2. The North 135 feet of the South 470 feet of the East 266.02 feet of said Lot 43.

(n) Those portions of said Lot 51 described as follows:

1. The East 112.30 feet of said Lot 51, except the South 450 feet thereof, said distances being measured along the South and East lines, respectively, of said lot.
2. The South 150 feet of said Lot 51.
3. The North 150 feet of the South 300 feet of said Lot 51 and the North 150 feet of the South 450 feet of said Lot 51.

(o) All of said Lot 52, except the South 511.52 feet thereof.

(Petitioners' Exhibit No. 1)

(p) The South 180.93 feet of the North 542.79 feet of said Lot 53.

(q) Those portions of said Lot 54 described as follows:

1. All of said Lot 54 excepting therefrom the North 710.44 feet thereof, said distance being measured along the West line of said lot.

2. The South 177.61 feet of the North 710.44 feet of said Lot 54, said distances being measured along the West line of said lot.

(r) Those portions of said Lot 56 described as follows:

1. The North 204 feet of that portion of said Lot 56 lying West of a line parallel with and distant 20 feet East of the South prolongation of the West line of Lot 63 of said Tract.

2. That portion of said Lot 56 lying West of the South prolongation of a line parallel with and distant 40 feet East of the West line of Lot 63 of said Tract, excepting therefrom the West 367.24 feet and the North 204 feet thereof.

(s) Those portions of said Lot 57 described as follows:

1. The North 204 feet of that portion of said Lot 57 lying West of a line parallel with the South prolongation of the West line of Lot 63 of said tract and distant East 20 feet therefrom.

2. That portion of said Lot 57 lying West of a line parallel with and distant 20 feet East of the South prolongation of the West line of Lot 63 of said tract, excepting therefrom the North 204 feet thereof.

(Petitioners' Exhibit No. 1)

(t) The South 171.52 feet and the North 170 feet of the South 341.52 feet of said Lot 59.

(u) The South 171.52 feet and the North 170 feet of the South 341.52 feet of said Lot 60.

(v) All of said Lot 69, except the West 293.64 feet measured along the South line, lying Southerly of a line described as follows:

Beginning at a point in the West line of said lot that is distant thereon North $1^{\circ} 16' 10''$ West 417.88 feet from the Southwest corner thereof; thence South $85^{\circ} 28'$ East, 446.12 feet to a point in the East line of said lot that is distant thereon North $0^{\circ} 35'$ East 413.83 feet from the Southeast corner thereof.

(w) The Northeasterly 100 feet, measured along the Southeasterly line, of the Northwesterly 200.30 feet of the Southeasterly 801.20 feet, measured along the Southwesterly line, of said Lot 74.

(x) Those portions of said Lot 77 described as follows:

1. The Southeasterly 200 feet of the Northwesterly 400 feet of said Lot 77, said distances being measured along the Southwesterly line of said lot.

2. The Northwesterly 200 feet of said Lot 77, said distance being measured along the Southwesterly line of said lot.

3. Beginning at the Southwest corner of Lot 78 of said Tract No. 5148; thence North $66^{\circ} 40' 01''$ West, along the Southwesterly line of said Lot 77, 152.81 feet; thence North $3^{\circ} 25' 40''$ West, parallel with the West line and North prolongation thereof of said Lot 78, 680 feet to the

(Petitioners' Exhibit No. 1)

true point of beginning; thence North $3^{\circ} 25' 40''$ West, along said parallel line, 91.23 feet to the Northeasterly line of said Lot 77; thence South $62^{\circ} 55' 35''$ East, along said Northeasterly line, 300.58 feet to the Northeast corner of said Lot 77; thence South $14^{\circ} 32' 37''$ East, along the East line of said Lot 77, 77.17 feet to a line parallel with said Southwesterly line and which passes through the true point of beginning; thence North $66^{\circ} 40' 01''$ West, along last described parallel line to the true point of beginning.

4. Beginning at the Southwest corner of Lot 78 of said Tract No. 5148; thence North $66^{\circ} 40' 01''$ West, along the Southwesterly line of said Lot 77, 152.81 feet; thence North $3^{\circ} 25' 40''$ West, parallel with the West line and the North prolongation thereof of said Lot 78, 600 feet to the true point of beginning; thence North $3^{\circ} 25' 40''$ West, along said parallel line, 80 feet; thence South $66^{\circ} 40' 01''$ East, parallel with said Southwesterly line, 307.18 feet to the East line of said lot 77; thence South $14^{\circ} 32' 37''$ East, along said East line, 26.09 feet to an angle point therein; thence South $3^{\circ} 25' 40''$, along said East line to a line parallel with said Southwesterly line and which passes through the true point of beginning; thence North $66^{\circ} 40' 01''$ West, along last described parallel line 312.81 feet to the true point of beginning.

5. Beginning at the Southwest corner of Lot 78 of said Tract No. 5148; thence North $66^{\circ} 40' 01''$ West, along the Southwesterly line of said Lot 77, 152.81 feet; thence North $3^{\circ} 25' 40''$ West, parallel with the West line and the North prolongation thereof of said Lot 78,

(Petitioners' Exhibit No. 1)

200 feet to the true point of beginning; thence North $3^{\circ} 25' 40''$ West along said parallel line, 80 feet; thence South $66^{\circ} 40' 01''$ East, parallel with said Southwesterly line, 312.81 feet to the East line of said Lot 77; thence South $3^{\circ} 25' 40''$ East, along said East line, 80 feet to the Northeast corner of Lot 79 of said Tract No. 5148, thence North $66^{\circ} 40' 01''$ West, along the Northeasterly lines of said Lots 78 and 79 and the Northwesternly prolongation thereof, 312.81 feet to the true point of beginning.

6. Beginning at the Southwest corner of Lot 78 of said Tract No. 5148; thence North $66^{\circ} 40' 01''$ West, along the Southwesterly line of said Lot 77, 152.81 feet; thence North $3^{\circ} 25' 40''$ West, parallel with the West line and the North prolongation thereof of said Lot 78, 440 feet to the true point of beginning; thence North $3^{\circ} 25' 40''$ West, along said parallel line, 80 feet; thence South $66^{\circ} 40' 01''$ East, parallel with said Southwesterly line, 312.81 feet to the East line of said Lot 77; thence South $3^{\circ} 25' 40''$ East, along said East line 80 feet; thence North $66^{\circ} 40' 01''$ West, parallel with said Southwesterly line, to the true point of beginning.

(y) The Northwesternly 200 feet of the Southeasterly 1000 feet of said Lot 83, said distances being measured along the Northeasterly line of said Lot.

(z) The Northwesternly 200 feet of the Southeasterly 800 feet of said Lot 84, said distances being measured along the Southwesterly line of said lot.

(Petitioners' Exhibit No. 1)

(aa) Those portions of said Lot 87 described as follows:

1. The Northwesterly 200 feet of the Southeasterly 800 feet of said Lot 87, said distances being measured along the Northeasterly line of said lot.

2. The Northwesterly 200 feet of the Southeasterly 1000 feet and the Northwesterly 200 feet of the Southeasterly 1200 feet of said Lot 87, said distances being measured along the Northeasterly line of said lot.

(bb) All of said Lot 88, excepting therefrom the Southeasterly 800 feet thereof, said distances being measured along the Southwest line of said lot.

(cc) All of said Lot 89, excepting therefrom the Southeasterly 400 feet thereof, said distance being measured along the Southwesterly line of said lot.

Parcel 2: The Northwest Quarter of the Northwest Quarter of Section 13; the Southeast Quarter and the North Half of Section 12, all of Section 1; the Northeast Quarter of Section 11; the Southwest Quarter of the Southeast Quarter and the Southwest Quarter of Section 2, all in Township 6 North, Range 14 West, S. B. B. & M., in the County of Los Angeles, State of California.

Excepting from said Parcel 2 the following described parcels of land:

(a) That portion of the North half of the Northwest Quarter of the Northwest Quarter of said Section 13 described as follows:

Beginning at the Southeast corner of said North Half; thence North $0^{\circ} 13' 66''$ West, along the East line of said

(Petitioners' Exhibit No. 1)

North Half, 165 feet; thence North $89^{\circ} 53' 56''$ West 657.90 feet; thence South $0^{\circ} 10' 56''$ East 165 feet to the South line of said North half; thence South $89^{\circ} 53' 56''$ East, along said South line, 658.05 feet to the point of beginning;

(b) That portion of the North Half of the Northwest Quarter of the Northwest Quarter of said Section 13 described as follows:

Beginning at a point in the East line of said North Half that is distant 330 feet North from the Southeast corner thereof; thence North $0^{\circ} 13' 56''$ West, along said East line, 165 feet; thence North $89^{\circ} 53' 56''$ West, 657.60 feet; thence South $0^{\circ} 10' 56''$ East, 165 feet; thence South $89^{\circ} 53' 56''$ East, 657.75 feet to the point of beginning.

(c) That portion of the North Half of the Northwest Quarter of the Northwest Quarter of said Section 13 described as follows:

Beginning at a point in the East line of said North Half that is distant thereon 495 feet North from the Southeast corner thereof; thence North $0^{\circ} 13' 56''$ West, along said East line, 165.94 feet to the Northeast corner of said North Half; thence North $89^{\circ} 53' 56''$ West, along the North line of said Section 13, 657.45 feet; thence South $0^{\circ} 10' 56''$ East, 165.91 feet; thence South $89^{\circ} 53' 56''$ East, 657.60 feet to the point of beginning.

(d) That portion of the South Half of the Northwest Quarter of the Northwest Quarter of said Section 13 described as follows:

Beginning at a point in the South line of said South Half that is distant thereon 1152.58 feet West from the

(Petitioners' Exhibit No. 1)

Southeast corner thereof; thence North $0^{\circ} 08' 41''$ West, 660.89 feet to the North line of said South Half; thence North $89^{\circ} 53' 56''$ West, along said North line, 164.52 feet, to the West line of said Section; thence South $0^{\circ} 07' 56''$ East, along said West line, 660.89 feet to the Southwest corner of said South Half; thence South $89^{\circ} 53' 56''$ East, along said South line, 164.66 feet, to the point of beginning.

(e) That portion of the South Half of the Northwest Quarter of the Northwest Quarter of said Section 13 described as follows:

Beginning at a point in the South line of said South Half that is distant thereon 987.92 feet from the Southeast corner thereof; thence North $0^{\circ} 09' 26''$ West, 660.90 feet to the North line of said South half; thence North $89^{\circ} 53' 56''$ West, along said North line, 164.51 feet; thence South $0^{\circ} 08' 41''$ East 660.89 feet to said South line; thence South $89^{\circ} 53' 56''$ East, 164.66 feet to the point of beginning.

(f) That portion of the Southwest Quarter of said Section 2 lying Southwesterly of Elizabeth Lake Pine Canyon Road, as shown on County Surveyors Map No. 8750, Sheet 2, on file in the office of the County Surveyor of said County.

Said sale will be made, without warranty, express or implied, of any nature whatsoever regarding title, pos-

(Petitioners' Exhibit No. 1)

session or encumbrances, and subject to all of the terms and conditions of the aforesaid Declaration of Trust.

In Witness Whereof, the undersigned, Citizens National Trust & Savings Bank of Los Angeles, as Trustee, has caused this instrument to be executed in its behalf by its Vice President and its Assistant Trust Officer thereunto duly authorized, and its official seal to be hereunto affixed, all as of the 14th day of October, 1940.

CITIZENS NATIONAL TRUST
& SAVINGS BANK OF LOS
ANGELES, TRUSTEE

By Carl P. Smith, Vice President

By Frank A. Ford,

Assistant Trust Officer

(Seal)

CR. 10639

34975

Publish Oct. 17, 24, 31, 1940.

[Verified.]

No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Filed Jan. 28, 1947. Paul P. O'Brien, Clerk.

5-13-35
Partial Release
Title Insurance and Trust Company

By G. V.

PAYMENTS

FOR VALUE RECEIVED, I, we or either of us, jointly and severally, guarantee payment of this note, with all costs of collection and suit, including reasonable attorney's fees, also agreeing to pay reasonable attorney's fees incurred by the holder of this note, should suit be instituted or other proceedings be taken to enforce this guaranty, or if placed in hands of an attorney for collection. Presentment, protest, notice, and demand of every kind being hereby waived. And we hereby consent to all extensions in the time of payment of said note.

PHILLIPS AND HAMBAUGH REALTY & CONSTRUCTION CORPORATION.

M. L. Ewing
President.
R. H. Haulbaugh
Secretary.

W. S. Hall
M. S. Hall

Released portion of property 11/26/27
Title Insurance and Trust Company.

Released portion of property 3/27/28
J. D. & J. Co.

Released portion of property 5-21-28
Title Insurance and Trust Company.

Los Angeles, California, December 2, 1929

We hereby assign the within note, together with all rights accrued or to accrue under the Deed of Trust securing the same, to

Citizens National Trust and Savings Bank as Trustee. (Declaration of Trust No. 5902)

PAN AMERICAN BANK OF CALIFORNIA,

BY *M. L. Ewing*

M. L. Ewing, Special Deputy Superintendent of Banks in charge of the Liquidation.

DATE PAID			DATE DUE		Amount	CREDITED ON		Balance of	To Whom
M.	D.	Y.	M.	D.	Paid	Interest	Principal	Prin. Unpaid	Paid
INTEREST credited through Escrow									
No. 204 to August 19th. 1927.									
8	31	27	10	30	77	61	79	45000 -	
3	19	28	1	30	78	50	78	45000 -	
5	18	28	4	30	78	50	78	45000 -	(B)
6	14	29						374 -	44626 -
6	16	29	7	30	77	50	78		
7	16	29			54 -			54 -	44090 -
8	14	29	10	30	77	58	77		
10	24	29			44 -			44 -	43642 -
11	9	29	1	30	76	44	76		
2	18	29	4	30	76	44	76		
4	8	29	7	30	76	44	76		
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THIS SHEET FOR FURTHER PARTIAL RECONVEYANCE ENDORSEMENTS.

PARTIAL RECONVEYANCE ISSUED SEP 26 1938 19 *HW*
PARTIAL RECONVEYANCE ISSUED OCT 23 1939 19 *HW*
PARTIAL RECONVEYANCE ISSUED OCT 23 1939 19 *HW*
PARTIAL RECONVEYANCE ISSUED DEC 14 1939 19 *HW*
2 PARTIAL RECONVEYANCE ISSUED Oct 17 1940 *CB*
PARTIAL RECONVEYANCE ISSUED DEC 2 - 1940 *HW*
PARTIAL RECONVEYANCE ISSUED JAN 3 - 1941 *HW*
PARTIAL RECONVEYANCE ISSUED JAN 10 1941 *HW*
PARTIAL RECONVEYANCE ISSUED JAN 13 1941 *HW*

(Petitioners' Exhibit No. 6)

[Written]: Hall #41731 P.H. Petitioners' No. 6.

[Endorsed]: Filed Jun. 7, 1946. Edmund L. Smith,
Clerk.

No. 11527. United States Circuit Court of Appeals for
the Ninth Circuit. Filed Jan. 28, 1947. Paul P. O'Brien
Clerk.

[PACIFIC STATES EXHIBIT NO. 2A]

September 2, 1942

Trust 5873

Mr. Frank D. Hall
Leona Valley via
Saugus, California

Dear Mr. Hall:

It has been called to our attention by the Pacific States Corporation that in computing the interest due on your note as set forth in our statement of August 15, 1942, that the interest was not figured on a compounded basis as provided in this note, and that it is their intention to collect interest on this basis.

We therefore wish to advise that the interest figures as set forth in said statement are incorrect and should be disregarded by you.

Yours very truly

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

By Carl P. Smith

RB Vice President and Trust Officer

In reply please refer to
Mr. O. E. Horstmann
Trust Department

(Pacific States Exhibit No. 2A) September 25, 1942.

Edgar F. Hughes

Citizens National Trust & Savings Bank,
Head Office, Fifth and Spring Street,
Los Angeles, California.

Attention—Mr. Carl P. Smith, Vice President
and Trust Officer—Trust Department.

Gentlemen:

Mr. Frank D. Hall has presented to the writer your letter of August 29th, with the enclosure referred to therein, together with your letter of September 2nd, 1942.

In the statement enclosed in the envelope with your letter of August 29th, you stated at the second last page thereof that the accrued interest from January 30th, 1932 to August 15th, 1942, amounts to the sum of \$20,890.77, but you completely failed to indicate in any way the manner in which such interest was computed or the annual amounts of interest or the basis of your calculation.

In your letter of September 2nd, 1942, you advised Mr. Hall that the interest was not computed on a compounded basis and instructed Mr. Hall to disregard the information in your statement pertaining to the interest, but you failed and neglected to inform Mr. Hall in any manner what your understanding now is as to the exact amount of interest or the method of computation thereof.

As a result of both of your letters and the statement referred to, Mr. Hall does not have any information from you whatsoever as to what you claim to be the amount of accrued interest, and certainly Mr. Hall is entitled to and demands such information. In his behalf, it is therefore

(Pacific States Exhibit No. 2A)

respectfully requested that you now advise Mr. Hall, through this office, what sum of interest you claim to be due, showing in detail the manner of calculation and computation, in order that we may check such information.

This information should be in our possession at the very earliest moment.

Citizens Bank

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September 25, 1942.

It should be understood, of course, that in the foregoing comments, Mr. Hall is not admitting or conceding the accuracy or correctness of any other portion of the statement. As an illustration, it is our understanding that throughout the entire life of the trust, you have from time to time retained balances of cash on hand for substantial periods before applying the same to the reduction of the debt. The same situation now exists in connection with a cash balance indicated in your last statement. Naturally, we are maintaining that the "balances" should have been forthwith applied so that Mr. Hall would have received the benefit of a prompt reduction in principal for the computation of future interest.

We are also presently advised that notwithstanding the judgment of the trial court prohibiting any threats of sale of the real property involved in this matter, you have from time to time postponed the trustee's sale, thereby threatening to sell the property, at the respective postponed dates. It is our belief that such acts have no validity whatsoever.

Please be governed accordingly.

Very truly yours,

GOUDGE, ROBINSON & HUGHES

By EDGAR F. HUGHES

EFH:F

(Pacific States Exhibit No. 2A)

October 8, 1942

Trust 5873

Mr. F. D. Hall

c/o Goudge, Robinson & Hughes

1007 Van Nuys Building

Los Angeles, California

Dear Mr. Hall:

We enclose for your attention statement showing the computation of interest on the Farm Home Builders note; the total amount due and payable as of October 30, 1942, being \$55,479.75, which includes interest, compounded interest and principal. The reason for this figure being computed to October 30, 1942, is due to the fact that the note calls for interest payable quarterly in advance.

Yours very truly

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

By Carl P. Smith

OEHRB

Vice President and Trust Officer

In reply please refer to

Mr. O. E. Horstmann

Trust Department

cc—Pacific States Corporation

Merritt Building

Los Angeles, California

(Pacific States Exhibit No. 2A)

October 16, 1942.

Edgar F. Hughes

Citizens National Trust & Savings Bank,
Head Office, Fifth and Spring Streets,
Los Angeles, California.

Attention—Mr. Carl P. Smith, Vice President
and Trust Officers—Trust Department.

Gentlemen:

Re: Hall v. Citizens Bank et al

We have been instructed by Mr. F. D. Hall to acknowledge receipt by him of your communication of the 8th inst., in which you enclosed a statement showing an alleged computation of interest on the Farm Home Builders note, and purporting to indicate a balance of \$55,-479.75, which you state included interest, compounded interest, and principal, and which you now represent is the balance due and payable as of October 30th, 1942.

In reply to your communication, you will please be advised that Mr. Hall rejects and refuses to accept your alleged statement as a true or correct computation of the balance which is due or payable on the said promissory note. Mr. Hall denies that the promissory note calls for the compounding of interest, and also denies that there is any liability for interest on interest after the maturity date of the note. Mr. Hall also reminds you that no credit has been given for collections which he understands you have made, and have on hand, and which are applicable to the payment of principal and interest, and further that you have apparently made no allowance for the delay from time to time over the period of your

(Pacific States Exhibit No. 2A)

trusteeship in the application of collections to the payment of principal or interest.

To further demonstrate the inaccuracy of your present statement, we call your attention to your own previous statements, and to the testimony given by your representative, Mr. Chamberlain, at the trial of the case, and to the arguments sanctioned by, and made on behalf of, your bank and the Pacific States Corporation in the brief on appeal in this case. For your convenience, we have prepared excerpts from the testimony and from the opening brief of your counsel on the appeal, which we have incorporated on a separate memorandum enclosed herewith.

It should, of course, be understood that neither by this letter, or otherwise, have our clients admitted any liability whatsoever; and all negotiations have and will be conducted upon that definite understanding.

Citizens Bank

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October 15, 1942.

We sincerely trust that you will agree with us that your computations are erroneous and incorrect.

Respectfully,

GOUDGE, ROBINSON & HUGHES

By Edgar F. Hughes

EFH:F

U. S. District Court, No. 41731 P.H. Pac. States Exhibit No. 2A. Filed 10-4-43. E. Sidney Laughlin, Conciliation Commissioner.

No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Filed Jan. 28, 1947. Paul P. O'Brien, Clerk.

[PACIFIC STATES EXHIBIT NO. 2AA]

COMPUTATION OF INTEREST ON NOTE OF
FARM HOME BUILDERS, INC.

Payable to Pan American Bank—

Original Amount \$45,000.00

Note Dated 7/30/27, Due on or Before 7/30/42

Interest 7% Per Annum—Payable Quarterly in Advance

Interest credited on Note through Escrow to 8/19/27

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
					\$45,000.00
8/19/27	Int. 8/19/27 to 10/30/27	621.29			621.29
					<hr/> 45,621.29
8/31/27	Int. 8/19/27 to 8/31/27 on Unpaid Int. of 621.29 (12 days)	1.45			1.45
					<hr/> 45,622.74
8/31-27	Int. a/c 8/19/27 to 10/30/27		621.29		621.29
					<hr/> 45,001.45
10/30/27	Int. 10/30/27 to 1/30/28	787.52			787.52
					<hr/> 45,788.97
3/29/28	Int. 10/30/27 to 3/29/28 on Unpaid Int. of 787.52 (150 days)	22.95			22.95
					<hr/> 45,811.92
3/29/28	Int. a/c 10/30/27 to 1/30/28		787.50		787.50
					<hr/> 45,024.42
1/30/28	Int. 1/30/28 to 4/30/28	787.92			787.92
					<hr/> 45,812.34

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
4/30/28	Int. 1/30/28 to 4/30/28 on Unpaid Int. of 787.92 (90 days)	13.77			13.77
					<hr/> 45,826.11
4/30/28	Int. 4/30/28 to 7/30/28	801.95			801.95
					<hr/> 46,628.06
5/18/28	Int. a/c 1/30/28 to 4/30/28		787.50		787.50
					<hr/> 45,840.56
5/18/28	Credit on Int. Charged 5/18/28 to 7/30/28 72 days on 787.50		11.02		11.02
					<hr/> 45,829.54
6/14/28	Principal Payment			374.00	374.00
					<hr/> 45,455.54
6/14/28	Credit on Int. Charged 6/14/28 to 7/30/28 46 days on 370.00		3.35		3.35
					<hr/> 45,452.19
6/26/28	Int. a/c 4/30/28 to 7/30/28		787.50		787.50
					<hr/> 44,664.69
6/26/28	Int. 4/30/28 to 6/26/28 on Unpaid Int. due 4/30/28 801.95 (57 days)	8.89			8.89
					<hr/> 44,673.58
7/26/28	Principal Payment			536.00	536.00
					<hr/> 44,137.58
	Credit Int. 7/26/28 to 7/30/28 4 days on 536.00		.41		.41
					<hr/> 44,137.17
7/30/28	Int. 7/30/28 to 10/30/28	772.40			772.40
					<hr/> 44,909.57

(Pacific States Exhibit No. 2AA)

<u>Date</u>	<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
Balance brought forward				\$44,909.57
8/14/28 Int. 7/30/28 to 8/14/28 on Unpaid Int. of 772.40 (14 days)	2.10			2.10
				<hr/> 44,911.67
8/14/28 Int. a/c 7/30/28 to 10/30/28		771.58		771.58
				<hr/> 44,140.09
10/29/28 Principal Payment			408.00	408.00
				<hr/> 43,732.09
Credit Int. 1 day on 408.00		.08		.08
				<hr/> 43,732.01
10/30/28 Int. 10/30/28 to 1/30/29	765.32			765.32
				<hr/> 44,497.33
11/ 9/28 Int. a/c 10/30/28 to 1/30/29		764.44		764.44
				<hr/> 43,732.89
Int. 10/30/28 to 11/9/28 9 days on 765.32	1.34			1.34
				<hr/> 43,734.23
1/30/29 Int. 1/30/29 to 4/30/29	765.35			765.35
				<hr/> 44,499.58
2/18/29 Int. a/c 1/30/29 to 4/30/29		764.44		764.44
				<hr/> 43,735.14
Int. 1/30/29 to 2/18/28 18 days on 765.35	2.67			2.67
				<hr/> 43,737.81
4/30/29 Int. 4/30/29 to 7/30/29	765.40			765.40
				<hr/> 44,503.21
5/ 8/29 Int. a/c 4/30/29 to 7/30/29		764.44		764.44
				<hr/> 43,738.77
5/ 8/29 Int. 4/30/29 to 5/8/29 8 days on 765.40	1.18			1.18
				<hr/> 43,739.95
7/30/29 Int. 7/30/29 to 10/30/29	765.44			765.44
				<hr/>

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
7/30/29	Int. a/c 7/30/29 to 9/13/29		382.22		44,505.39 382.22
9/13/29	Int. a/c 9/13/29 to 10/30/29		382.22		44,123.17 382.22
	Int. from 7/30/29 to 9/13/29 44 days on 382.22	3.28			43,740.95 3.28
8/21/29	Principal Payment			288.75	43,744.23 288.75
	Credit Int. 8/21/29 to 10/30/29 70 days on 288.75		3.92		43,455.48 3.92
9/10/29	Principal Payment			393.20	43,451.56 393.20
	Credit Int. 9/10/29 to 10/30/29 50 days on 393.20		3.83		43,058.36 3.83
10/ 3/29	Principal Payment			15.85	43,054.53 15.85
	Int. 10/3/29 to 10/30/29 27 days on 15.85		.07		43,038.68 .07
10/22/29	Principal Payment			125.43	43,038.61 125.43
	Credit Int. 10/22/29 to 10/30/29 8 days on 125.43		.19		42,913.18 .19
10/30/29	Int. 10/30/29 to 1/30/30	750.98			42,912.99 750.98
12/ 9/29	Int. a/c 10/30/29 to 1/30/30		750.03		43,663.97 750.03
					42,913.94

(Pacific States Exhibit No. 2AA)

<u>Date</u>	<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
Balance brought forward				\$42,913.94
Int. 10/30/29 to 12/9/29				
39 days on 750.98	5.69			5.69
				<hr/>
12/ 9/29 Principal Payment			1,878.27	42,919.63
				1,878.27
				<hr/>
12/ 9/29 Principal Payment			287.00	41,041.36
				287.00
				<hr/>
				40,754.36
Credit Int. 12/9/29 to 1/30/30				
52 days on 2,165.27		21.88		21.88
				<hr/>
				40,732.48
1/30/30 Int. 1/30/30 to 4/30/30	712.82			712.82
				<hr/>
				41,445.30
2/18/30 Principal Payment			36.24	36.24
				<hr/>
				41,409.06
Credit Int. 2/18/30 to 4/30/30				
71 days on 36.24		.49		.49
				<hr/>
				41,408.57
2/ 5/30 Int. a/c 1/30/30 to 4/30/30		694.86		694.86
				<hr/>
				40,713.71
Int. 1/30/30 to 2/5/30 or				
5 days on 712.82	.67			.67
				<hr/>
				40,714.38
3/15/30 Principal Payment			176.32	176.32
				<hr/>
				40,538.06
4/15/30 Principal Payment			20.05	20.05
				<hr/>
				40,518.01
4/30/30 Int. 4/30/30 to 7/30/30	709.07			709.07
				<hr/>
				41,227.08
5/ 9/30 Bal. Int. to 4/30/30				
Int. 712.13 Paid 2/5/30 694.86		17.27		17.27
				<hr/>
				41,209.81
5/ 9/30 Int. a/c 4/30/30 to 7/30/30		708.07		708.07
				<hr/>
				40,501.74

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
5/ 9/30	Int. 4/30/30 to 5/9/30 on 709.07 9 days	1.25			1.25
					40,502.99
5/15/30	Principal Payment			29.95	29.95
					40,473.04
5/16/30	Principal Payment			7.50	7.50
					40,465.54
	Credit Int. 5/15/30 to 7/30/30 on payment 29.95 75 days		.44		.44
					40,465.10
	Credit Int. 5/16/30 to 7/30/30 on 7.50 75 days		.10		.10
					40,465.00
6/16/30	Principal Payment			574.14	574.14
					39,890.86
	Credit Int. 6/16/30 to 7/30/30 44 days on 574.14		4.91		4.91
					39,885.95
7/15/30	Principal Payment			32.15	32.15
					39,853.80
	Credit Int. 7/15/30 to 7/30/30 on 32.15 15 days		.09		.09
					39,853.71
7/30/30	Int. 7/30/30 to 10/30/30	697.43			697.43
					40,551.14
8/ 2/30	Int. a/c 7/30/30 to 10/30/30		696.80		696.80
					39,854.34
	Int. 7/30/30 to 8/2/30 on 697.43 2 days	.27			.27
					39,854.61
8/13/30	Principal Payment			54.40	54.40
					39,800.21

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
	Balance brought forward				\$39,800.21
9/13/30	Principal Payment			56.63	56.63
					<hr/> 39,743.58
10/16/42	Principal Payment			60.65	60.65
					<hr/> 39,682.93
10/30/30	Credit Int. 8/13/30 to 10/30/30 on 54.40 77 days		.81		.81
					<hr/> 39,682.12
10/30/30	Credit Int. 9/13/30 to 10/30/30 on 56.63 47 days		.51		.51
					<hr/> 39,681.61
10/30/30	Credit Int. 10/16/30 to 10/30/30 on 60.65 14 days		.16		.16
					<hr/> 39,681.45
10/30/30	Int. 10/30/30 to 1/30/31	694.42			694.42
					<hr/> 40,375.87
11/ 7/30	Int. a/c 10/30/30 to 1/30/31		693.80		693.80
					<hr/> 39,682.07
	Int. 10/30/30 to 11/7/30 on 694.42 7 days	.94			.94
					<hr/> 39,683.01
11/19/30	Principal Payment			72.08	72.08
					<hr/> 39,610.93
	Credit Int. 11/19/30 to 1/30/31 72 days on 72.08		1.01		1.01
					<hr/> 39,609.92
1/21/31	Principal Payment			85.30	85.30
					<hr/> 39,524.62
	Credit Int. 1/21/31 to 1/30/31 9 days on 85.30		.14		.14
					<hr/> 39,524.48
1/30/31	Int. 1/30/31 to 4/30/31	691.67			691.67
					<hr/> 40,216.15
2/ 9/31	Int. a/c 1/30/31 to 4/30/31		691.04		691.04
					<hr/> 39,525.11

(Pacific States Exhibit No. 2AA)

<u>Date</u>	<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
Int. 1/30/31 to 2/9/31 9 days on 691.67	1.21			1.21
				39,526.32
2/17/31 Principal Payment			129.55	129.55
				39,396.77
Credit Int. 2/17/31 to 4/30/31 on 129.55 72 days		1.81		1.81
				39,394.96
3/19/31 Principal Payment			115.05	115.05
				39,279.91
Credit Int. 3/19/31 to 4/30/31 42 days on 115.05		.94		.94
				39,278.97
4/17/31 Principal Payment			233.83	233.83
				39,045.14
Credit Int. 4/17/31 to 4/30/31 13 days on 233.83		.59		.59
				39,044.55
4/30/31 Int. 4/30/31 to 7/30/31	683.27			683.27
				39,727.82
5/13/31 Principal Payment			266.24	266.24
				39,461.58
Credit Int. 5/13/31 to 7/30/31 78 days on 266.24		4.03		4.03
				39,457.55
6/23/31 Principal Payment			108.54	108.54
				39,349.01
Credit Int. 6/23/31 to 7/30/31 37 days on 108.54		.78		.78
				39,348.23
7/ 3/31 Int. a/c 4/30/31 to 7/30/31		682.66		682.66
				38,665.57

(Pacific States Exhibit No. 2AA)

<u>Date</u>	<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
Balance brought forward				\$38,665.57
Int. 4/30/31 to 7/3/31 on				
Unpaid Int. on 683.27 (64 days)	8.51			8.51
				<hr/>
				38,674.08
7/15/31 Principal Payment			145.94	145.94
				<hr/>
				38,528.14
Credit Int. 7/15/31 to 7/30/31				
15 days on 145.94		.42		.42
				<hr/>
				38,527.72
7/30/31 Int. 7/30/31 to 10/30/31	674.22			674.22
				<hr/>
				39,201.94
8/14/31 Principal Payment			921.99	921.99
				<hr/>
				38,279.95
Credit Int. 8/14/31 to 10/30/31				
77 days on 921.99		13.80		13.80
				<hr/>
				38,266.15
9/17/31 Principal Payment			946.04	946.04
				<hr/>
				37,320.11
Credit Int. 9/17/31 to 10/30/31				
43 days on 946.04		7.91		7.91
				<hr/>
				37,312.20
9/26/31 Int. a/c 7/30/31 to 10/30/31		673.56		673.56
				<hr/>
				36,638.64
Int. 7/30/31 to 9/26/31				
57 days on 674.22	7.47			7.47
				<hr/>
				36,646.11
10/16/31 Principal Payment			131.09	131.09
				<hr/>
				36,515.02
Credit Int. 10/16/31 to 10/30/31				
14 days on 131.09		.35		.35
				<hr/>
				36,514.67
10/30/31 Int. 10/30/31 to 1/30/32	639.00			639.00
				<hr/>
				37,153.67

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
11/17/31	Principal Payment			615.96	615.96
					<hr/> 36,537.71
	Credit Int. 11/17/31 to 1/30/32				
	74 days on 615.96		8.84		8.84
					<hr/> 36,528.87
1/13/32	Principal Payment			273.20	273.20
					<hr/> 36,255.67
	Credit Int. 1/13/32 to 1/30/32				
	17 days on 273.20		.89		.89
					<hr/> 36,254.78
1/30/32	Int. 1/30/32 to 4/30/32	634.45			634.45
					<hr/> 36,889.23
2/17/32	Principal Payment			201.69	201.69
					<hr/> 36,687.54
	Credit Int. 2/17/32 to 4/30/32				
	72 days on 201.69		2.81		2.81
					<hr/> 36,684.73
3/23/32	Principal Payment			205.95	205.95
					<hr/> 36,478.78
	Credit Int. 3/23/32 to 4/30/32				
	38 days on 205.95		1.52		1.52
					<hr/> 36,477.26
3/29/32	Int. a/c 10/30/32 to 1/30/32		645.29		645.29
					<hr/> 35,831.97
3/29/32	Credit Int. on delinquent				
	Interest 10/30/31 to 3/29/32		18.56		18.56
					<hr/> 35,813.41
4/21/32	Principal Payment			215.82	215.82
					<hr/> 35,597.59
	Credit Int. 4/21/32 to 4/30/32				
	9 days on 215.82		.37		.37
					<hr/> 35,597.22

(Pacific States Exhibit No. 2AA)

<u>Date</u>	<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
				\$35,597.22
				622.94
4/30/32	622.94			36,220.16
				148.40
5/16/32			148.40	36,071.76
				2.14
		2.14		36,069.62
6/16/32			192.30	35,877.32
				1.65
		1.65		35,875.67
7/15/32			561.51	35,314.16
				1.64
		1.64		35,312.52
7/30/32	617.97			35,930.49
				312.16
9/13/32			312.16	35,618.33
				2.85
		2.85		35,615.48
10/15/32			205.48	35,410.00
				.59
		.59		35,409.41
10/30/32	619.66			36,029.07

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
1/16/33	Principal Payment			447.33	447.33
					<hr/> 35,581.74
	Credit Int. 1/16/33 to 1/30/33 14 days on 447.33		1.22		1.22
					<hr/> 35,580.52
1/30/33	Int. 1/30/33 to 4/30/33	622.70			622.70
					<hr/> 36,203.22
4/30/33	Int. 4/30/33 to 7/30/33	633.59			633.59
					<hr/> 36,836.81
5/13/33	Principal Payment			1,262.82	1,262.82
					<hr/> 35,573.99
	Credit Int. 5/13/33 to 7/30/33 78 days on 1,262.82		19.14		19.14
					<hr/> 35,554.85
7/30/33	Int. 7/30/33 to 10/30/33	622.25			622.25
					<hr/> 36,177.10
9/ 8/33	Principal Payment			432.04	432.04
					<hr/> 35,745.06
	Credit Int. 9/8/33 to 10/30/33 52 days on 432.04		4.36		4.36
					<hr/> 35,740.70
10/30/33	Int. 10/30/33 to 1/30/34	625.50			625.50
					<hr/> 36,366.20
1/30/34	Int. 1/30/34 to 4/30/34	636.44			636.44
					<hr/> 37,002.64
2/26/34	Principal Payment			451.30	451.30
					<hr/> 36,551.34
2/26/34	Credit Int. 2/26/33 to 4/30/34 63 days on 451.30		5.52		5.52
					<hr/> 36,545.82
4/30/34	Int. 4/30/34 to 7/30/34	639.59			639.59
					<hr/> 37,185.41

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
	Balance brought forward				\$37,185.41
6/18/34	Principal Payment			667.45	667.45
					<hr/> 36,517.96
6/18/34	Credit Int. 6/18/34 to 7/30/34 42 days on 667.45		5.45		5.45
					<hr/> 36,512.51
7/30/34	Int. 7/30/34 to 10/30/34	638.97			638.97
					<hr/> 37,151.48
10/30/34	Int. 10/30/34 to 1/30/35	650.15			650.15
					<hr/> 37,801.63
1/30/35	Int. 1/30/35 to 4/30/35	661.52			661.52
					<hr/> 38,463.15
2/18/35	Principal Payment			306.22	306.22
					<hr/> 38,156.93
	Credit Int. 2/18/35 to 4/30/35 71 days on 306.22		4.22		4.22
					<hr/> 38,152.71
4/30/35	Int. 4/30/35 to 7/30/35	667.67			667.67
					<hr/> 38,820.38
7/30/35	Int. 7/30/35 to 10/30/35	679.35			679.35
					<hr/> 39,499.73
10/30/35	Int. 10/30/35 to 1/30/36	691.24			691.24
					<hr/> 40,190.97
1/30/36	Int. 1/30/36 to 4/30/36	703.35			703.35
					<hr/> 40,894.32
3/10/36	Principal Payment			634.54	634.54
					<hr/> 40,259.78
	Credit Int. 3/10/36 to 4/30/36 51 days on 634.54		6.29		6.29
					<hr/> 40,253.49
4/30/36	Int. 4/30/36 to 7/30/36	704.43			704.43
					<hr/> 40,957.92

(Pacific States Exhibit No. 2AA)

<u>Date</u>	<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
7/30/36 Int. 7/30/36 to 10/30/36	716.75			716.75
				41,674.67
10/30/36 Int. 10/30/36 to 1/30/37	729.20			729.20
				42,403.87
1/30/37 Int. 1/30/37 to 4/30/37	742.06			742.06
				43,145.93
4/30/37 Int. 4/30/37 to 7/30/37	755.04			755.04
				43,900.97
5/ 4/37 Principal Payment			900.14	900.14
				43,000.83
5/ 4/37 Credit Int. 5/4/37 to 7/30/37 87 days on 900.14		15.23		15.23
				42,985.60
7/30/37 Int. 7/30/37 to 10/30/37	752.24			752.24
				43,737.84
8/23/37 Principal Payment			363.85	363.85
				43,373.99
8/23/37 On Acct. of Int.		363.85		363.85
				43,010.14
Credit Int. 8/23/37 to 10/30/37 68 days on 363.85		4.80		4.80
				43,005.34
Credit Int. 8/23/37 to 10/30/37 68 days on 363.85		4.80		4.80
				43,000.54
10/30/37 Int. 10/30/37 to 1/30/38	752.50			752.50
				43,753.04
1/30/38 Int. 1/30/38 to 4/30/38	765.68			765.68
				44,518.72
3/18/38 Principal Payment			952.41	952.41
				43,566.31
Credit Int. 3/18/38 to 4/30/38 43 days on 952.41		7.97		7.97
				43,558.34

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
	Balance brought forward				\$43,558.34
4/30/38	Int. 4/30/38 to 7/30/38	762.26			762.26
					<hr/>
7/30/38	Int. 7/30/38 to 10/30/38	775.60			44,320.60
					775.60
					<hr/>
10/14/38	Principal Payment			732.00	45,096.20
					732.00
					<hr/>
	Credit Int. 10/14/38 to 10/30/38				44,364.20
	16 days on 732.00		2.27		2.27
					<hr/>
10/30/38	Int. 10/30/38 to 1/30/39	776.33			44,361.93
					776.33
					<hr/>
1/30/39	Int. 1/30/39 to 4/30/39	789.92			45,138.26
					789.92
					<hr/>
2/24/39	Principal Payment			1,221.95	45,928.18
					1,221.95
					<hr/>
	Credit Int. 2/24/39 to 4/30/39				44,706.23
	65 days on 1,221.95		15.45		15.45
					<hr/>
4/30/39	Int. 4/30/39 to 7/30/39	782.08			44,690.78
					782.08
					<hr/>
7/30/39	Int. 7/30/39 to 10/30/39	795.77			45,472.86
					795.77
					<hr/>
10/30/39	Int. 10/30/39 to 1/30/40	809.69			46,268.63
					809.69
					<hr/>
1/30/40	Int. 1/30/40 to 4/30/40	823.87			47,078.32
					823.87
					<hr/>
4/30/40	Int. 4/30/40 to 7/30/40	838.29			47,902.19
					838.29
					<hr/>
5/23/40	Principal Payment			1,264.08	48,740.48
					1,264.08
					<hr/>
					47,476.40

(Pacific States Exhibit No. 2AA)

<u>Date</u>		<u>Interest Added</u>	<u>Interest Payments & Credits</u>	<u>Principal Payments</u>	<u>Unpaid Balance</u>
	Credit Int. 5/23/40 on 7/30/40 68 days on 1,264.08		16.70		16.70
7/30/40	Int. 7/30/40 to 10/30/40	830.54			47,459.70 830.54
10/30/40	Int. 10/30/40 to 1/30/41	845.08			48,290.24 845.08
1/30/41	Int. 1/30/41 to 4/30/41	859.87			49,135.32 859.87
4/30/41	Int. 4/30/41 to 7/30/41	874.91			49,995.19 874.91
7/30/41	Int. 7/30/41 to 10/30/41	890.23			50,870.10 890.23
10/30/41	Int. 10/30/41 to 1/30/42	905.80			51,760.33 905.80
1/30/42	Int. 1/30/42 to 4/30/42	921.66			52,666.13 921.66
4/30/42	Int. 4/30/42 to 7/30/42	937.77			53,587.79 937.77
7/30/42	Int. 7/30/42 to 10/30/42	954.19			54,525.56 954.19
		\$45,228.21	\$13,669.68	\$21,078.78	55,479.75

-8-

U. S. District Court, No. 41731 P.H. Pac. States Exhibit 2AA for iden. Filed 10-5-43. H. Sidney Laughlin, Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. Edmund L. Smith, Clerk.

No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Filed Jan. 28, 1947. Paul P. O'Brien, Clerk.

[PACIFIC STATES EXHIBIT NO. 2B]

PACIFIC STATES CORPORATION

August 31, 1942

Citizens National Trust & Savings Bank

Fifth and Spring Streets

Los Angeles, California

Attention: Mr. O. E. Horstman, Trust Department

Gentlemen:

Your Trust No. 5873

This is in reference to the statement of Trust No. 5873 of the Farm Home Builders, Inc., from January 1, 1941, to August 15, 1942, which we received from you this morning attached to your letter dated August 29, 1942.

This is to confirm our conversation with Mr. Horstman regarding the amount of accrued interest which you have set up on one of the pages under, "Statement of Release Obligation in Favor of Pan American Bank: (Now the Pacific States Corporation)."

You show the accrued interest from January 30, 1942, to August 15, 1942, as \$20,890.77. As we called to Mr. Horstman's attention, we do not believe you have accrued the interest in accordance with the terms and provisions of the note, which provide that interest shall accrue until paid at the rate of seven percent (7%) per annum, payable quarterly in advance, and should the interest be not so paid it shall thereafter bear like interest as the principal.

(Pacific States Exhibit No. 2B)

We have accrued the interest on such a compound basis and find that it amounts to a great deal more than the figures shown on your statement.

We believe that the interest should be refigured in accordance with the terms of the note and a corrected statement be issued, as we understand a copy of this statement has also been issued to Mr. Hall.

We are enclosing a printed copy of the opinion handed down by the Appellate Court in the case of Hall vs. Citizens, et al. We are also enclosing a copy of a letter dated August 28, 1942, from Elbert W. Davis to Richard L. North, setting forth a slight modification in the opinion. The letter is self-explanatory.

Very truly yours,

A. Q. Robison

AQR:H

Secretary

Enc.

U. S. District Court, No. 41731 P.H. Pac. States Exhibit No. 2B. Filed 10-4-43. H. Sidney Laughlin, Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. Edmund L. Smith, Clerk.

No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Filed Jan. 28, 1947. Paul P. O'Brien, Clerk.

[PACIFIC STATES EXHIBIT NO. 2C]

PAN AMERICAN BANK OF CALIFORNIA

Commercial-Trust-Savings

In Liquidation

~~Broadway at Eighth~~

Los Angeles

Telephone

703 California Building

MUtual 8545

205 S. Broadway

May 24, 1932

Citizens Nat'l Trust & Savings Bank,

Fifth & Spring Streets,

Los Angeles, California.

Attention: Mr. Slater,

Assistant Trust Officer

Gentlemen:

This is in reference to your Trust No. 5873 unofficially known as the Farm Home Builders, Incorporated, effecting property which is covered by a deed of trust securing a note in favor of the Pan American Bank of California.

We called Mr. Slater's attention to the fact that your Declaration of Trust provides that in the event of a default in the payment of interest on our note that all of the money in the trust should be used to cure the default and no money should be paid to either the owners or agents as long as the interest is past due and delinquent.

(Pacific States Exhibit No. 2C)

This is to inform you that the interest due on April 30, 1932 was not paid when due, nor has any portion thereof since been paid and technically the note is now in default and subject to the whole sum of principal and interest becoming immediately due and payable at our option.

We hereby request that you as Trustee, exercise the provisions of the Declaration of Trust and pay no money either to the agents or owners under the Declaration of Trust until this default has been cured.

This is *sep*cially desired in the case of Phillips and Hambaugh Realty & Construction Company as agents, as they together with F. D. Hall and M. S. Hall, have guaranteed the payment of the note.

Yours very truly,

A. Q. Robison

A. Q. Robison,

Special Deputy

AQR-A

Superintendent of Banks.

[Stamped]: Received May 25, 1932, Trust Dept. Citizens Banks.

U. S. District Court, No. 41731 P.H. Pac. States Exhibit No. 2C. Filed 10-5-43. H. Sidney Laughlin, Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. Edmund L. Smith, Clerk.

No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Filed Jan. 28, 1947. Paul P. O'Brien, Clerk.

[PACIFIC STATES EXHIBIT NO. 2F]

STATEMENT OF INTEREST PAYMENTS

on that certain note in the original amount of \$45,000.00, dated 7/30/27, executed by Farm Home Builders, Inc., to Pan American Bank of California made by Citizens National Trust & Savings Bank of Los Angeles, as Trustee under its Trust No. 5873, Farm Home Builders, Inc., and Trustee under its Trust No. 5902, Pan American Bank of California.

<u>1930</u>				<u>Check No.</u>	
2/ 6	Pan American Bank				
	Interest on Farm Home Builders, Inc., Note	1/30/30	4/30/30	22285	\$ 694.86
5/10	Pan American Bank				
	Balance interest on Farm Home Builders, Inc., Note		5/1 /30	27055	17.27
	Interest on Farm Home Builders, Inc. Note	5/ 1/30	7/31/30	27055	708.07
8/ 4	Pan American Bank				
	Interest on Farm Home Builders, Inc., obligation	7/31/30	10/31/30	31019	696.80
11/ 6	Pan American Bank				
	Interest on Farm Home Builders, Inc., Note	10/30/30	1/30/31	35747	693.80
<u>1931</u>					
2/ 9	Pan American Bank				
	Interest on Farm Home Builders, Inc., Note	1/30/31	4/30/31	40391	691.04
*7/ 3	Pan American Bank				
	Interest on Farm Home Builders, Inc., Note	4/30/31	7/30/31	46890	682.66
*9/26	Pan American Bank				
	Interest on Farm Home Builders, Inc., Note	7/30/31	10/30/31	50435	673.56

(Pacific States Exhibit No. 2F)

1932

*3/29	Pan American Bank				
	Interest on Farm Home Builders, Inc., obligation	10/30/31	1/30/32	58153	645.29
	Interest on delinquent interest	10/30/31	1/30/32	58153	18.56
					<hr/>
					\$5,521.91
					<hr/> <hr/>

This is to certify that the foregoing is a correct statement according to the records of Citizens National Trust & Savings Bank of Los Angeles as Trustee under its Trusts 5873 and 5902 of all funds paid by it to date on account of interest on the obligation identified in the caption hereof.

Dated 10/13/43

[Signature illegible]

Assistant Trust Officer

*Note: Paid from Trust 5873 direct

U. S. District Court, No. 41731 P.H. Pac. States Exhibit No. 2F. Filed 10-14-43. H. Sidney Laughlin, Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. Edmund L. Smith, Clerk.

No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Filed Jan. 28, 1947. Paul P. O'Brien, Clerk.

[PACIFIC STATES EXHIBIT NO. 2G]

Leona Valley via
Saugus, California
August 9, 1942.

Citizens National Trust and Savings Bank,
Spring Street at Fifth,
Los Angeles, California.

Attention Trust Department:

Dear Sirs:

Relative to your Trust No. 5873, Farm Home Builders, Inc. It has been a considerable time since there has been a statement issued as to the condition of said trust. Will you please have prepared now such a statement, and in connection with the same will you prepare a detailed statement of balance due on the note to Pan American Bank showing computation of interest to say July 1, 1942

Please mail same to me in care of Mr. E. F. Hughes, 1007 I. N. Van Nuys Building, Seventh and Spring Streets, Los Angeles, California.

Thanking you, I am,

Respectfully yours,

F. D. Hall

F. D. Hall

[Written]: Make stmnt as of 8/15/42

U. S. District Court, No. 41731 P.H. Pac. States Exhibit No. 2G. Filed 10-14-43. H. Sidney Laughlin, Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. Edmund L. Smith, Clerk.

No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Filed Jan. 28, 1947. Paul P. O'Brien, Clerk.

[PACIFIC STATES EXHIBIT 21]

September 9, 1932.

Los Angeles, Calif.

Cirizens National Trust & Savings Bank,
Los Angeles, California.

Gentlemen: Attention: Trust Dept.

In re: Trust No. 5873

Will you kindly charge the account of F. D. Hall,
agent, with \$123.55, and apply as follows:

\$84.00 to accompany Report of Sale hereto at-
tached, Parcel A, Lot 4, to Florence E. Patterson;

\$22.50 to credit of Bernice Trehearne contract of
purchase in said trust, paying interest to July 1st,
1932, balance to account principal;

\$17.05 to satisfy two charges in your Mr. Ul-
restad's department.

All other moneys accruing to said agent account you
will please transfer to the general trust account that it
may be available for interest payment to Pan-American
Bank.

Also if there is not money enough on hand at any
time to make one quarterly interest payment to said bank,
but there is enough to make a one-half quarterly pay-
ment, please make the one-half payment.

Yours truly,

F. D. Hall

[Written]: S. claims this refers to the last quarterly
interest before maturity

[Written]: Pacific States 21 (copy) orig in transcript

[Endorsed: Filed Jun. 7, 1946. Edmund L. Smith,
Clerk.

[CITIZEN'S BANK EXHIBIT NO. 4]

CITIZENS NATIONAL TRUST & SAVINGS BANK
OF LOS ANGELES

DECLARATION OF TRUST NO. 5873

This Declaration of Trust made this the 2nd day of December, 1929, by and between Citizens National Trust & Savings Bank of Los Angeles, a National Banking Association, organized and existing under the Laws of the United States of America, and having its principal place of business in the City and County of Los Angeles, State of California, hereinafter sometimes called the "Trustee", party of the first part; Farm Home Builders Incorporated, a Corporation, hereinafter sometimes called the "Trustor" and/or "Beneficiary", party of the second part; Pan-American Bank of California, a Corporation, having its principal place of business in the City and County of Los Angeles, State of California, hereinafter sometimes called the "First Payee", party of the third part, and Phillips & Hambaugh Realty & Construction Company, a Corporation, of Los Angeles, California, hereinafter sometimes called "Second Payee", party of the fourth part,

WITNESSETH:

That, Whereas, the Trustor has caused to be conveyed to the Trustee, that certain real property, situate in the County of Los Angeles, State of California, and more particularly described in Exhibit "A", attached hereto and made a part of this Declaration of Trust, and

Whereas, the Pan American Bank of California, has assigned to the Trustee, the Seller's interest in those cer-

(Citizens's Bank Exhibit No. 4)

tain Agreements of Sale of Real Estate, described in Exhibit "B", attached hereto and made a part of this Declaration of Trust, and

Whereas, the Farm Home Builders Incorporated, are indebted to the Pan American Bank of California, as evidenced by one certain Promissory note, copy of which is attached hereto, marked Exhibit "C" and made a part of this Declaration of Trust, and

Whereas, said Note in favor of the Pan American Bank of California, is secured by a Deed of Trust, covering that certain real property described in Exhibit "A", copy of which Trust Deed is attached hereto, marked Exhibit "D" and made a part of this Declaration of Trust, and

Whereas, Phillips & Hambaugh Realty & Construction Company, are entitled to a certain portion of monies collected on the aforementioned Contracts executed by the Pan American Bank of California, which apportionment is set out in Exhibit "E", attached hereto and made a part of this Declaration of Trust.

Now, Therefore, the Trustee hereby certifies and declares that it holds and will hold such title to the Trust property hereinbefore described, as has actually been conveyed to it in Trust, together with such other real and/or personal property which by the terms of this Trust may be conveyed or transferred to the Trustee with power of sale, for the following uses and purposes and subject to the terms, conditions, Trusts, covenants and agreements herein contained, to which the Trustor, Beneficiary, First Payee and Second Payee, by their written approval

(Citizens's Bank Exhibit No. 4)

and ratification of this Trust, agree to bind themselves, their heirs, successors and assigns, as though fully and directly made parties hereto.

ARTICLE I

SCOPE OF TRUST

To provide generally for the subdivision, improvement, liquidation and sale of the hereinbefore described real property and the collection and disbursement of the proceeds of such sale or sales and specifically:

1. To secure to the party of the first part, as Trustee, all fees, commissions and advancements made under the terms of this Declaration of Trust.

2. To secure the payment of the indebtedness of the Trustor to the Pan American Bank of California, in the sum of - - - - - Forty Five Thousand - - - - - and no/100 - - Dollars, and interest thereon, together with any renewal and/or renewals and/or extensions thereof.

3. To secure to the Second Payee, that portion of monies as described in Exhibit "E" from the collections on the respective Contracts as described in Exhibit "E".

4. To secure to the Beneficiary, its share of the proceeds of the sale of the Trust property, as hereinafter set forth.

(Citizens's Bank Exhibit No. 4)

ARTICLE II

POWERS OF TRUSTEE

In order to carry out the provisions of this Trust, the Trustee may do and perform the following:

1. The Trustee is hereby authorized to act upon the written order and direction of the Beneficiary relative to the management of the affairs of this Trust and the Trust property so far as such instructions may be consistent with the rights of the other parties under this Trust and which instructions shall be in full and complete acquittance of the Trustee of all liability or responsibility hereunder.

2. The Trustee is authorized to execute such Map or Maps for the subdivision of the Trust property and to dedicate and grant to public use any and all roads, streets and alleys shown on said Map or Maps and to convey and grant any and all easements and any and all rights of way which may be reasonably required when so directed to do by the Beneficiary and/or Trustor.

3. The Trustee is authorized to sell any of the hereinbefore described real property upon the written order of the Beneficiary, or upon the written order of any agent and/or agents appointed by said Beneficiary and to convey or contract to convey at such prices as said Beneficiary may direct, provided that:

(a) No Lot or Parcel shall be sold for less than the price listed in the schedule of minimum selling prices to be established by the Beneficiary and approved by the Trustee and First Payee, the total of

(Citizens's Bank Exhibit No. 4)

which schedule shall not be less than Two Hundred Ninety Five Thousand and no/100 (\$295,000.00) Dollars;

(b) All Contracts of Sale and/or Notes secured by Deeds of Trust given in settlement of the purchase price of the respective property shall be made in consideration of a payment in cash of not less than Fifteen (15%) Per Cent of the selling Price of the respective Lot and shall provide that the balance of the principal shall be paid at the rate of not less than One and One Half (1½%) Per Cent of the selling price per month, or at the same rate per month, payable quarterly, semi-annually or annually, together with or including interest on all deferred payments at a rate of not less than Seven (7%) Per Cent per annum, provided, however, that the total purchase price shall be paid in full prior to four (4) years from the date of the Contract of Sale.

(c) That the form, terms and conditions of all Contracts of Sale and/or Deeds issued by the Trustee covering any of the hereinbefore described property shall be similar to the form attached to this Declaration of Trust.

4. To receive, receipt and disburse, the collections and proceeds arising from the sale of the Trust property in accordance with the terms of this Declaration of Trust.

(Citizens's Bank Exhibit No. 4)

5. To enforce at the written request of the Trustor and/or First Payee and/or Trustee, the terms, conditions and covenants, including cancellation for default by act or suit of the various and several Contracts and/or Deeds of Trust which may be executed as herein authorized.

6. Upon the payment in full of any Contract, to execute a Deed and to furnish Guarantee of Title, showing the property covered thereby vested in the Seller, or its successor in interest, free and clear of all incumbrances, made, done or suffered by the Seller, subject, nevertheless, to such incumbrances as may be assumed by the Purchaser under said Contract and subject also to restrictions, easements and reservations and rights of way of record.

7. The Trustee is authorized at the expense of the Trust Estate, to have maintained by a reliable title company, the County and City Lien Tax Service.

8. The Trustee may loan or advance its own funds for any purpose connected with the operation, management, protection and/or improvement of the Trust property and/or the administration of this Trust, each of which loans and/or advancements, together with interest thereon at the rate of Seven (7%) Per Cent per annum, shall constitute a first lien on the entire Trust Estate, both principal and interest and be repaid prior to any other payments or distributions hereunder, provided, however, that all such loans and/or advancements, except those made for the payment of taxes and assessments, shall be subject to the rights of the first Payee.

(Citizens's Bank Exhibit No. 4)

ARTICLE III

APPLICATION OF FUNDS

All monies received by the Trustee on account of the sale of any of the Trust property shall be applied by said Trustee, so long as there is no default hereunder, in the following order of priority, to-wit:

1. To pay to Phillips & Hambaugh Realty & Construction Company, as Second Payee, the amount accruing to said Second Payee as shown by Exhibit "E", attached hereto, said amounts shall be paid only from principal collections on the respective Contracts as described in Exhibit "E".

2. To pay to the Beneficiary, or such agent or agents as may be appointed by said Beneficiary, as commission and operating expense, an amount not to exceed Thirty (30%) Per Cent of the sales price of all Lots sold after the date of this Declaration of Trust, said amounts shall be paid from the funds received by the Trustee as payment on the sales price of the respective Lot or Parcel.

3. To pay to the Pan American Bank of California, as First Payee, all subsequent collections received by the Trustee on account of the principal of the sales price of all Lots sold, until there shall have been paid to said First Payee, the amount of the release price of the respective Lot or Parcel, as shown in a schedule of Release Prices set forth in Exhibit "F", attached hereto and made a part of this Declaration of Trust, or until all sums due said First Payee, together with interest thereon, shall have been paid in full.

(Citizens's Bank Exhibit No. 4)

4. All other monies received by the Trustee on account of the sales price of all Lots sold, shall be deposited by the Trustee in a General Account and be disbursed in payment of the following:

(a) To the fees, commissions and advancements of the Trustee under the terms of this Declaration of Trust.

(b) To the payment of taxes, assessments and such other liens or incumbrances as the Trustee may deem necessary to be paid for the protection of the Trust property, but the Trustee shall not be responsible for a failure to pay such obligation, unless requested in writing so to do and properly indemnified therefor and shall not be responsible for a failure to pay such obligation unless such failure is due to its gross or willful neglect, but the Trustee may without such authorization, at its option pay such obligations.

(c) To pay the expense of Guarantees of Title, escrow fees, recording, acknowledgment and other administration fees in connection with the sale of the Trust property.

(d) To the payment of all counsel fees necessary for the protection of the Trustee and/or the Trust property.

(e) To the payment of all interest due the Pan American Bank of California.

(f) To the payment of the cost of the installation of improvements on the Trust property.

(Citizens's Bank Exhibit No. 4)

(g) To the payment of all items which in the discretion of the Trustee are necessary for the administration of this Trust and/or the protection of the Trust property.

5. All monies received by the Trustee in payment of interest on the unpaid portion of the sales price of any of the Trust property shall be disbursed by the Trustee as follows:

(a) To Phillips & Hambaugh Realty & Construction Company, the amount earned and paid on their equity as shown by Exhibits "B" and "E".

(b) The remainder to be deposited in the General Fund and used in payment of the items as shown by Paragraph 4 of this Article.

6. Any sums remaining in the hands of the Trustee, after first deducting the amounts necessary for the payment of all of the items shown in the preceding Paragraphs of this Article, shall be disbursed to the Beneficiary.

ARTICLE IV

OBLIGATIONS OF BENEFICIARY

It shall be the duty of the Beneficiary:

1. To proceed with all due diligence to sell the unsold portions of the Trust property upon the terms and conditions herein provided.

2. The Beneficiary undertakes, covenants and agrees that it will enter upon and proceed to complete or cause to be completed, in good faith and with reasonably dili-

(Citizens's Bank Exhibit No. 4)

gence, at its own cost and expense, all and within the boundaries of the Trust property, the work and improvements necessary for the sale of the Trust property, and before proceeding with such improvement, said Beneficiary shall deposit with the Trustee, such assurance as said Trustee may require, for the payment of said improvements.

3. The Beneficiary covenants and agrees to deposit with the Trustee, all sums necessary for the payment of items shown in Article III of this Declaration of Trust, in the event the funds in the hands of the Trustee are insufficient to pay same.

4. The Beneficiary shall have the privilege of retaining possession of the said Trust property and to have the management and control of the same, so long as there is no default hereunder, subject, however, to all the terms and conditions of this Trust and may for the purpose of making sale of Lots, select and employ such agent or agents, or subagents as it may deem necessary, if same are not objectionable to the Trustee, but any such agent, agents or sub-agents so employed by the Beneficiary shall be the agent of the Beneficiary and not of the Trustee, the First Payee, or the Second Payee, and neither the Trustee, First Payee or Second Payee, shall be liable or bound by any act of such agent or agents, unless specifically authorized by it nor for any wrong-doing, misappropriation or misconduct by such agent or sub-agents, neither the Beneficiary, nor his agent or sub-agents shall make any misrepresentations of any kind or character in connection with the sale of any Lots and in the event of

(Citizens's Bank Exhibit No. 4)

any misrepresentation being made, either by the Beneficiary or his agent or sub-agents, the Beneficiary assumes full responsibility and liability therefor, and agrees to hold the Trustee, First Payee and Second Payee, harmless and free from all liability.

ARTICLE V

MISCELLANEOUS PROVISIONS

1. The Trustee shall not be required to advance any money or to incur any personal liability in or about the protection of the Trust property or in respect to any of the Contracts to be made by it hereunder, (except for the liability to account for money coming into its hands) as herein contemplated. Any advancements herein provided to be made by the Trustee and any personal obligation which it may hereunder incur for advancements out of its personal or private funds, shall be at all times taken as optional upon its part and in no respect obligatory.

2. The Beneficiary hereunder shall be entitled in the event of any legal action being brought by the Trustee herein for the enforcement of Contracts executed under this Trust, to select and nominate any reputable attorney to represent the Trustee provided that wherever any such action is brought pursuant to this Trust in the name of the Trustee, the Trustee before bringing such action or authorizing its name to be used therein, shall be entitled to require from the Beneficiary and/or Trustor, reasonable and satisfactory security to protect it against costs or liabilities incurred in and about such action.

3. The Trustee shall not be liable to the Beneficiary or otherwise, for the misconduct, malfeasance or misap-

(Citizens's Bank Exhibit No. 4)

appropriation of any attorney, agent, or representative selected by it upon the nomination or request or the Beneficiary under the terms of this Trust, except where such agent or attorney may act upon the express authorization of the Trustee and without the authority of the Beneficiary and/or Trustor.

4. The Trustee shall be entitled to reimburse itself from the Trust funds on hand, in the General Account, for any costs, fees or advancements made by it, which may be authorized under the terms of this Trust, if such costs, fees or advancements are not repaid to it upon demand.

5. The Trustee in case of any default hereunder of the Beneficiary after notice shall be entitled to suspend compliance with all requests of the Beneficiary.

6. It is also understood and agreed that the parties hereto will not directly or indirectly solicit the leasing of oil rights or promote the sale of oil units or any oil interests pertaining to any part or parts of the Trust property while title thereto is vested in the Trustee, without the consent of Trustee, Beneficiary and/or Trustor.

7. The Beneficiary agrees that he will fully indemnify and hold harmless the said Trustee of and from any and all damages, expenses, costs, attorney's fees or other liability or obligation that it may incur arising out of or in connection with its duties as Trustee hereunder.

8. Not sale or transfer of any beneficial interest hereunder shall be valid or binding on said Trustee until the Instrument making such assignment shall be accepted by and deposited with the Trustee, excepting only where such interest may pass or be transferred by decree, order or

(Citizens's Bank Exhibit No. 4)

judgment of a court of competent jurisdiction, and then only upon proof satisfactory to the Trustee of the legality and validity of the proceedings on such matter being presented to said Trustee.

9. If the property herein described, or any portion thereof, becomes liable for the payment of any tax, assessment or lien, or if the proceeds or avails from such property become liable for any inheritance, income or other tax, said Trustee is authorized to withhold and pay such tax out of the monies in its hands for the account of the party liable for such tax. And if any such tax be not paid by said party liable for such tax, or by someone else on his behalf, and there are not sufficient monies in the hands of the Trustee under the above Trust, the Trustee may at its option (but it shall not be obligated so to do) advance a sufficient sum to pay such tax, which advance with interest thereon at the rate of Seven (7%) Per Cent per annum from the date of the advancement to the date of repayment shall constitute a first lien on the property covered thereby, if said payment is of taxes, assessments or liens upon or against said property, or shall constitute a first lien on interest in said Trust to the party of the second part for whose account said monies have been paid.

10. The Trustee shall not be required to attend to or procure any insurance upon any building upon any property covered hereby, but all such services shall be performed and the expense thereof borne by the Beneficiary.

11. The Trustee shall not be required to commence or defend any suit or suits with respect to said property

(Citizens's Bank Exhibit No. 4)

covered hereby, unless requested to do so in writing by the Beneficiary and/or Trustor and properly indemnified therefor.

12. It is understood that the Trustee may amend any, and/or all of the terms, and conditions of this Trust upon request being made in writing by all parties having interest in this Trust at the time such amendment is requested.

13. Any notices herein required to be given or furnished to the Beneficiaries shall be in writing and delivery of such written notice to the Beneficiary shall be conclusively taken as such, if and when left at or deposited in the United States mail, registered, postage prepaid and addressed to the Beneficiary at Los Angeles, California.

14. Nothing herein contained shall be construed as constituting a partnership between the Beneficiary and/or Trustor, the Trustee, the First Payee and the Second Payee, or any of them.

15. Time is the essence of this Agreement and full performance by the Beneficiary of all its obligations hereunder, is and shall be a condition precedent to its rights to the benefits of this Declaration of Trust.

ARTICLE VI

POWER OF SALE

If one or more of the following events herein called events of default, shall happen, that is to say:

1. If default shall be made in the payment of interest due the Pan American Bank of California, as and when the same shall become due and payable;

(Citizens's Bank Exhibit No. 4)

2. If default shall be made in the payment of principal of the obligation due the Pan American Bank of California, as and when the same shall become due and payable; or

3. If default shall be made in the payment to the Trustee of any advances made by the Trustee and such default shall continue for a period of thirty days; or

4. If default shall be made in the due observance or performance of any other covenant or condition herein to be kept or performed, by the Beneficiary and/or the Trustor, and such default shall continue for a period of thirty days,

Then and in each such case, the Trustee may, and upon the written request of the First Payee, shall declare all obligations in favor of the Pan American Bank of California, and/or the Citizens National Trust & Savings Bank of Los Angeles, together with interest thereon, due and payable and proceed to sell to the highest and best bidder, such portion of, or all of the Trust property, as in its discretion it may deem necessary or proper, in one or more or all of the manners and methods hereinafter set forth;

1. In the event of default and the election of the Trustee to sell, and/or upon the receipt of Declaration of Default and Demand for Sale, as hereinbefore provided, the Trustee shall, without unnecessary delay, record in the Office of the Recorder of Los Angeles County, a notice of such breach and of the election to cause said property to be sold to satisfy said obligation. The acceptance of any sum or sums secured hereby, principal or interest, after

(Citizens's Bank Exhibit No. 4)

the same becomes due and payable, or the performance of any or all obligations herein mentioned, shall not operate as a Waiver of the right to insist upon the payment when due of all other sums secured hereby and the performance of any or all other obligations herein mentioned and to declare default and proceed with the sale under this Declaration of Trust.

2. After three months shall have elapsed following the recordation of said Notice of Breach, the Trustee without demand, shall sell said property in such Parcels and at such times and places as it shall deem best to accomplish the objects of these Trusts, having first given notice of the time and place of such sale or sales, in the manner and for a time not less than that required by law for sales of real property upon the execution and under Deeds of Trust.

The Trustee may from time to time postpone the sale of all or any portion of said property by the publication, prior to the date of sale so advertised, of a notice of postponement in the same newspaper or newspapers in which the original notice of sale was published, or by public announcement thereof at the time and place of sale so advertised or postponed.

Such sale or sales shall be made in the following manner, namely:

At the time and place of sale fixed as hereinbefore provided, the Trustee may sell the property so advertised, or any portion thereof, either en masse or in separate Parcels at its own discretion at public auction, to the highest and best bidder for cash, in gold coin of the

(Citizens's Bank Exhibit No. 4)

United States, and after any such sale and due payment made, shall execute and deliver to the purchaser or purchasers, a Deed or Deeds or other appropriate Instruments conveying the property so sold to such purchaser or purchasers, but without covenant or warranty, express or implied, regarding the title or incumbrances, whereupon such purchaser or purchasers shall be let into immediate possession of said property, and all other persons in possession thereof shall be deemed to be tenants at sufferance and the recitals, in any such Deed, of any facts or matters affecting the regularity or validity of such sale, shall be conclusive proof of the truthfulness of such recitals, and such Deed shall be conclusive against all persons as to all matters therein recited. The Trustee as well as the Beneficiary or any representative, heir or successor, as well as any other person or party, or any person acting on behalf of either or all or any of them may purchase at such sale. The purchaser under such foreclosure sale shall be entitled to and shall receive the following and only the following:

(a) Title to all Lots not previously deeded and not sold under Contract at the date of the Declaration of Default;

(b) The proceeds which would have accrued to the benefit of this Trust and to the Beneficiary hereunder, in the event that there had been no default in any of the terms of this Instrument, arising from all Lots and Parcels of real estate sold hereunder. Provided, however, that in the event of the release of the contract lien on any Lot or Parcel of real estate (1) by cancellation of the contract, other than can-

(Citizens's Bank Exhibit No. 4)

cellation for the purpose of issuing Deed, or: (a) by suit to quiet title, the title to said Lot shall vest as in (a) supra by issuance of conveyance running from the Trustee hereunder to the purchaser under said Foreclosure Sale.

3. The Trustee out of the proceeds of such sale or sales shall pay in the following order:

(a) The expense of such sale, including the posting and advertising, together with cost, fees, charges and expenses of this Trust and in addition thereto, the Trustee's fee for making such sale.

(b) All such sums which have been paid or advanced by the Trustee in accordance with the provisions hereof, or by reason of the acceptance and execution of this Trust, which have not been repaid, including its compensation, costs and expenses, with accrued interest, if any, as hereinbefore provided.

(c) The amount due, owing or unpaid to the Pan American Bank of California, with accrued interest thereon.

(d) The amount necessary to complete the payment of the installation of all improvements on the Trust property.

(e) All sums necessary for the protection of the Trust property.

(f) The balance of the proceeds, if any, to the person and/or persons, and/or corporation, and/or corporations, legally entitled thereto.

(Citizens's Bank Exhibit No. 4)

4. In the event of default, sale and conveyance of the Trust property or any portion thereof, as hereinbefore in this Article provided, it is agreed that the title to any real property covered by any then existing Agreements of Sale executed by the Trustee and/or Pan American Bank of California, shall remain in the name of the Trustee for the sole use and benefit of the purchaser or purchasers at such sale or sales and the proceeds received from the collection on said Contracts shall be applied by the Trustee for the benefit of said purchaser or purchasers with the right in the Trustee to deduct from such collections its necessary expenses and the fees for such collections as provided in Article IX hereunder.

5. In addition to the right and power herein given to the Trustee of selling the Trust property upon default as herein above provided, the Trustee may, and it is hereby empowered so to do, immediately upon the happening of any such default, cease to pay any of the proceeds in its hands or which may come into its hands under this Trust, to the Beneficiary and/or Second Payee and may thereupon and thereafter apply all such proceeds, first to the payment of costs, fees and expenses of this Trust and of the expenses of the Trustee in the maintenance of the Trust property and any remainder to the payment of the balance then unpaid on that certain obligation due the Pan American Bank of California, hereinbefore mentioned, until all defaults have been remedied. It is understood and agreed that the right of the Trustee to apply such monies, shall be an additional and cumulative remedy for the protection of the Pan American Bank of California, and none of the remedies herein given shall be

(Citizens's Bank Exhibit No. 4)

exclusive of any other remedy, that any of the parties hereto may have for the enforcement of any rights conferred under this Trust.

ARTICLE VII

TERMINATION OF TRUST

1. This Trust shall continue to and until the sale and/or disposition in fee of all the property subject to this Trust and the distribution of all proceeds thereof, in accordance with the terms hereof, or until terminated by written direction to the Trustee, signed by all parties in interest, or until the date of the death of the last to die of the following named persons: Edmond B. Tracy, Ann Louise Tracy and Carmen Lilian Gould, whichever event shall happen first. In the event that this Trust shall for any reason terminate prior to the sale and disposition in fee of all the property subject to this Trust and the distribution of all proceeds thereof, then the Trustee shall convey the whole of the Trust Estate, subject to all then existing easements, incumbrances and/or other matters affecting title, as directed by the parties at interest, provided, however, that all fees, charges, advances and expenses then due the Trustee hereunder shall be fully paid and further provided, in no event shall the Trustee be required to convey from under this Trust, any property then subject to Contracts of Sale, unless the Trustee shall in a manner wholly satisfactory to it, be wholly relieved and discharged from any and all then existing obligations and liabilities under such Contracts of Sale.

(Citizens's Bank Exhibit No. 4)

2. The Trustee may resign and discharge itself of the Trust hereby created by a written notice to all parties then having an interest in this Trust, thirty days before such resignation shall take effect. A successor may thereupon be appointed by an Instrument in writing executed by said *interest* parties and accepted by the successor Trustee. Should said interested parties fail to make such appointment before the expiration of such thirty day period, the Trustee may thereupon appoint a temporary successor Trustee to fill such vacancy until such successor be appointed by said interested parties.

Any Trustee appointed shall be a trust company authorized to act as Trustee in the State of California, if there be such a trust company willing to qualify and able to act and such Trustee so appointed shall execute, acknowledge and deliver to the Trustee hereunder, a written Instrument accepting such appointment and thereupon the successor Trustee, without further action on its part, shall become fully vested with all the estates, rights, powers and duties conferred upon the Trustee hereunder.

ARTICLE VIII COMPENSATION

The Trustee shall be entitled to the following compensation for its services in or about the performance of this Trust:

1. Acceptance fee of (\$300.00) Three Hundred Dollars.
2. Annual fee: The fees of the Trustee during each and every year during the term of this Trust, with the

(Citizens's Bank Exhibit No. 4)

exception of the acceptance fee, shall equal or exceed Three Hundred and no/100 (\$300.00) Dollars.

3. Collection fees—

(a) Cash sales—Two (2%) Per Cent of the sales price.

(b) Deferred Sales—Collections less than \$15.00 Five (5%) Per Cent of the amount of such collection.

(c) Deferred Sales—Collections \$15.00 or more—Three (3%) Per Cent of the amount of such collection.

4. Executing Contracts in duplicate—\$2.50 each.

5. Executing Deeds—\$2.50 each.

6. Accepting and registering Assignments of Contracts—\$2.50 each.

7. Transfers of beneficial interest—\$5.00 each.

8. Appearance in Court by Trustee as witness—Minimum—\$10.00 for each one half day.

9. Disbursing funds for improvements—1/2 of One (1%) Per Cent of the amount disbursed.

10. Closing or distribution fee—1/2 of unearned fees on a basis of cash sales.

11. Reasonable compensation for any services not heretofore specified.

The terms and conditions of this Trust shall inure to the benefit of and bind the successors and assigns of the parties hereto.

In Witness Whereof, the Citizens National Trust & Savings Bank of Los Angeles, has caused its name to be subscribed and its seal to be fixed hereto, by its Vice

(Citizens's Bank Exhibit No. 4)

President and Assistant Trust Officer, thereunto duly authorized, the day and year first above written.

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

By Holcott P. Thomas

[Seal] Vice President

By P. W. Slater

Assistant Trust Officer

Los Angeles, California.

Dec. 2nd 1929.

The undersigned, Farm Home Builders Incorporated, a Corporation, hereby certifies that it is the party named in the foregoing or attached Declaration of Trust as the Trustor and/or Beneficiary and party of the second part; that said Declaration fully and correctly sets out and discloses the terms, conditions and Trusts under and upon which the property described herein is to be held and disposed of by the Trustee named therein, and the undersigned hereby approves, ratifies and confirms said Declaration in all its parts. The said second party by the execution of this Instrument does hereby undertake and agree with the Trustee to be bound by all of the conditions, obligations and the terms thereof, so far as they fix its rights and duties.

FARM HOME BUILDERS INCORPORATED

By F. D. Hall

[Seal] President

By Erwin S. Hall

Secretary

(Citizens's Bank Exhibit No. 4)

Los Angeles, California,
Dec. 2nd 1929.

The undersigned, Pan American Bank of California, a Corporation, hereby certifies that it is the party named in the foregoing or attached Declaration of Trust as the First Payee, and party of the third part; that said Declaration fully and correctly sets out and discloses the terms, conditions and Trusts under and upon which the property described herein is to be held and disposed of by the Trustee named therein, and the undersigned hereby approves, ratifies and confirms said Declaration in all its parts. The said third party by the execution of this Instrument does hereby undertake and agree with the Trustee to be bound by all of the conditions, obligations and terms thereof, so far as they fix its rights and duties.

PAN AMERICAN BANK OF CALIFORNIA

By E. Hill

[Seal]

Vice President

By A. Q. Robison

Assistant Secretary

Approved:

M M Ewing

M. M. EWING, as Special Deputy Superintendent of Banks of the State of California, in Charge of Liquidation of said Pan American Bank of California.

(Citizens's Bank Exhibit No. 4)

Los Angeles, California.
Dec. 2nd 1929.

The undersigned, Phillips & Hambaugh Realty & Construction Company, a Corporation, hereby certifies that it is the party named in the foregoing or attached Declaration of Trust as the Second Payee and party of the Fourth Part; that said Declaration fully and correctly sets out and discloses the terms, conditions and Trusts under and upon which the property described herein is to be held and disposed of by the Trustee named therein, and the undersigned hereby approves, ratifies and confirms said Declaration in all its parts. The said Fourth Party by the execution of this Instrument does hereby undertake and agree with the Trustee to be bound by all of the conditions, obligations and terms thereof, so far as they fix its rights and duties.

PHILLIPS & HAMBAUGH REALTY &
CONSTRUCTION CO.

By Bert Bane

[Seal]

President

By H. Grimshaw

Secretary

* * * * *

U. S. District Court, No. 41731 P.H. Citizens Bank Exhibit No. 4 for iden. Filed 9-27-43. H. Sidney Laughlin, Conciliation Commissioner.

[Endorsed]: Filed Jun. 7, 1946. Edmund L. Smith, Clerk.

[DEBTOR'S EXHIBIT NO. 2-4 (Portion Only)]

Trust Department

CITIZENS NATIONAL TRUST & SAVINGS BANK
of Los Angeles

Statement

Trust Name FARM HOME BUILDERS, INC

Trust No. 5873 Trust Account RECAPITULATION From 1/1/40 To 12/31/40 I

COLLECTIONS:

Interest	\$ 218.17	
Principal	1,400.06	\$1,618.23
	<hr/>	

DISTRIBUTIONS:

General Trust Account		
Interest	\$218.17	
Principal	199.83	\$ 418.00
Pan American Bank,*		
Release Account	1,200.23	
F. D. Hall, Agent	—0—	\$1,618.23
	<hr/>	

*The Pacific States Corporation
since 11/2/39

Debtor's Exhibit No. 2-4)

Trust Department

CITIZENS NATIONAL TRUST & SAVINGS BANK
of Los Angeles

Statement

Trust Name FARM HOME BUILDERS, INC

Trust No. 5873 Trust Account COLLECTIONS From 1/1/40 To 12/31/40 Incl.

Parcel Lot	From	To	Interest	Principal	Contract Balance	Principal Distributed To:		
						General Trust	Release	F. D. Hall Agent
F	12/ 1/39	12/ 1/40	\$ 1.77	\$ 16.23	\$ 14.77	\$ 1.23	\$ 15.00	\$
D&E	3/28/39	8/28/40	9.48	15.00	85.00		15.00	
N&O	4/ 2/39	9/ 2/40	9.48	15.00	85.00		15.00	
B	1/ 1/40	10/ 1/40	1.13	40.00	—0—		40.00	
B	12/ 7/39	9/18/40	2.14	69.24	—0—	3.20	66.04	
A & A	12/15/39	12/15/40	12.17	107.83	114.59	5.41	102.42	
E-F-G-H-I	12/15/39	12/16/40	5.17	97.84	—0—	97.84		
B&C	12/18/39	12/18/40	13.18	118.82	122.95		118.82	
E	11/20/39	11/15/40	17.72	36.28	218.72	6.28	30.00	
C	12/18/39	12/18/40	9.04	74.96	88.19		74.96	
D	12/18/39	12/18/40	8.96	75.04	86.57		75.04	
B	11/15/39	11/15/40	5.49	31.66	59.45	6.70	24.96	
C	10/15/39	10/15/40	4.69	59.31	29.83	45.17	14.14	
B	12/15/39	10/23/40	3.65	88.85	—0—	34.00	54.85	
C-D-E-F	10/24/39	10/24/40	17.85	54.00	205.31		54.00	
acres	12/ 7/39	12/ 7/40	96.25	500.00	1,000.00		500.00	
			\$218.17	\$1,400.06	\$2,110.38	\$199.83	\$1,200.23	\$

Total Contracts on which no

payments received in 1940

\$30,180.66

\$32,291.04

Total Balance of Outstanding Contracts

\$31,291.04

Trust Deed Note

1,000.00

\$32,291.04

500 Trust Deed Note executed by Paul J. Marache,
payable \$250 semi-annually, plus interest at 7%.
Unpaid balance due 12/7/42. Covering 70 acres,

including all of SW¼ of Sec. 2, T. 6 N., R. 14 W.

(Accepted in lieu of Land Contract) Bal. 12/31/40 \$ 1,000.00

(Debtor's Exhibit No. 2-4)

Trust Department

CITIZENS NATIONAL TRUST & SAVINGS BANK
of Los Angeles

Statement

Trust Name FARM HOME BUILDERS, INC

Trust No. 5873 Trust Account GENERAL TRUST ACCOUNT From 1/1/40
12/31/40 Incl.

<u>1940</u>		<u>Disbursements</u>	<u>Recei</u>
1/ 1	Balance per previous statement		\$ 17
4	Mailing contract notices for December	\$ 1.65	
11	Paul J. Marache—New Owner Fee —1939-40 taxes		6 13
2/15	Mailing notices for January	2.40	
3/ 2	Mailing notices for February	1.35	
5/24	Title Insurance and Trust Co.—Order on portion Sec. 2, T 6 N, R 14, S. B. B. & M.—Marache	212.00	
7/ 6	Record notice of breach	4.70	
16	Pacific States Corporation—Advance account foreclosure of trust Los Angeles County Tax Collector—Pay't of delinquent taxes on parcels of property	50.00	100
17	Los Angeles County Tax Collector—1st pay't on Five- Year Tax Plan	17.05	
23	Mailing notices for March, April, May and June	6.00	
24	County of Los Angeles—Refund under dep. of \$50 account pay't of delinquent taxes under Five-Year Plan		37
8/ 8	H. L. Byram—To redeem portion Lot 56, Tr. 5148 —portion Lot 34	19.42 21.60	
21	Registered mail expense sending notice of breach to F. D. Hall, Palmdale, California	.21	
9/ 6	Mailing notices for July and August	1.50	
28	Execution of deed S 180' of N 360', Lot 53, Tr. 5148— Kutschke	2.50	
10/ 9	Mailing notices for Sept.	.75	
14	Delinquent taxes—Lot 33, B, Tr. 5148—Kutschke		10
19	Telephone call to Ledger Gazette at Lancaster re publi- cation of Trustee Sale	.45	
23	Execution of deed—Pt. Lot 24, Tr. 5148—Fischer	2.50	

Debtor's Exhibit No. 2-4)

Trust Department

CITIZENS NATIONAL TRUST & SAVINGS BANK
of Los Angeles

Statement

Debtor Name FARM HOME BUILDERS, INC

Trust No. 5873 Trust Account GENERAL TRUST ACCOUNT From 1/1/40 To 12/31/40 Incl.

		Disbursements	Receipts
29	Revenue Stamp—Pt. Lot 24, Tr. 5148—Fischer	\$.55	
	Revenue Stamps for deed—Lot 33, Tr. 5148—Kutschke	2.20	
1	Title Insurance and Trust Co.—Order on portion Lot 24, Tr. 5148—Fischer	26.06	
	Title Insurance and Trust Co.—Order on portion Lot 33, Tr. 5148—Kutschke	22.68	
6	Registered mail expense sending notices of Trustee Sale to Farm Home Builders, Palmdale—and F. D. Hall	.42	
29	First half 1940-41 taxes—Pt. Lot 24, Tr. 5148—Fischer		\$ 1.12
6	H. L. Byram—First half 1940-41 taxes:		
	Ptn. Lot 24 of Tr. 5148	\$2.23	
	“ “ 34 “ “ “	1.86	
	“ “ 43 “ “ “	2.79	
	“ “ 56 “ “ “	3.53	
	“ “ 56 “ “ “	1.67	
	12.5 acs.—N½ of NW¼ of S. 13, T 6 N, R. 14	1.30	13.38
	H. L. Byram—Amt. to redeem E. 15 acs., Range 14	24.89	
30	In payment of delinquent taxes Lot H (B), Tr. 5148—Davies		1.51
31	By Suspense Account—To apply on delinquent taxes—Davies Collections applicable to this account for the period 1/1/40 to 12/31/40, incl.:		2.50
	Interest	\$218.17	
	Principal	199.83	418.00
		\$ 434.26	\$ 608.66
	Cash Balance 12/31/40	174.40	
		\$ 608.66	\$ 608.66

(Debtor's Exhibit No. 2-4)

Trust Department

CITIZENS NATIONAL TRUST & SAVINGS BANK
of Los Angeles

Statement

Trust Name FARM HOME BUILDERS, INC

Trust No. 5873 Trust Account MEMORANDUM OF FEES DUE TRUSTEE From
1/1/40 To 12/31/40 Incl.

Balance owing for 1938		\$ 150
Minimum for 1939	\$ 300.00	
Less fees for execution of deeds, and contracts, mailing notices, etc.	51.45	248
	<hr/>	<hr/>
		\$ 398
Less credit due Trustor on fees		164
		<hr/>
		\$ 233
Minimum for 1940	\$ 300.00	
Less fees for execution of deeds and mailing notices	18.65	281
	<hr/>	<hr/>
Balance due Trustee		\$ 515

Debtor's Exhibit No. 2-4)

Trust Department

CITIZENS NATIONAL TRUST & SAVINGS BANK
of Los Angeles

Statement

Trust Name FARM HOME BUILDERS, INC

Trust No. 5873 Trust Account as indicated From 1/1/40 To 12/31/40 Incl.

PAN AMERICAN BANK—RELEASE ACCOUNT

	<u>Disbursements</u>	<u>Receipts</u>
0 Balance per previous statement		\$1,264.08
23 Citizens National Bank, as Trustee under its Trust PT-5902—funds available 12/31/39 to apply on principal of Farm Home Builders note	\$1,264.08	
Collections applicable to this account for the period 1/1/40 to 12/31/40		\$1,200.23
	\$1,264.08	\$2,464.31
Balance December 31, 1940	\$1,200.23	
	\$2,464.31	\$2,464.31

STATEMENT OF RELEASE OBLIGATION IN FAVOR OF PAN AMERICAN
BANK: (Now THE PACIFIC STATES CORPORATION)

Unpaid balance 12/31/39		\$25,549.45
5/23/40 Paid a/c principal	\$1,264.08	
*6/29/40 Paid a/c principal	363.85	1,627.93
(a/c interest \$363.85)		
Unpaid Balance 12/31/40		\$23,921.52

*Paid direct to Supt. of Banks,
by F. D. Hall 8/23/37 per memo
H. Chamberlin 6/28/40

(Debtor's Exhibit No. 2-4)

Trust Department

CITIZENS NATIONAL TRUST & SAVINGS BANK
of Los Angeles

Statement

Trust Name FARM HOME BUILDERS, INC

Trust No. 5873 Trust Account as indicated From 1/1/40 To 12/31/40 Incl.

F. D. HALL, AGENT

<u>1940</u>	<u>Disbursements</u>	<u>Recei</u>
1/ 1 Balance per previous statement		\$ —

NO ACTIVITY IN THIS ACCOUNT DURING THIS PERIOD

ADDITIONS TO CONTRACTS

7/26/40	1939-40 taxes added to Lot 61-B, Tract 5148—Maddox	\$ 1
12/12/40	1939-40 taxes added to Lots H, C-F, Section 13—White	4
		\$ 5

U. S. District Court No. 41731-PH. Debtor's Exhibit No. 2
(Portion only). Filed 8-12-43. H. Sidney Laughlin, Conciliator
Commissioner.

[Endorsed]: Filed Jun. 7, 1946. Edmund L. Smith, Clerk.

No. 11527. United States Circuit Court of Appeals for the Ninth
Circuit. Filed Jan. 28, 1947. Paul P. O'Brien, Clerk.

[Endorsed]: No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Pacific States Corporation, a corporation, Appellant, vs. Frank D. Hall and Marguerite S. Hall, Appellees. Transcript of Record. Upon Appeal From the District Court of the United States for the Southern District of California, Central Division.

Filed January 24, 1947.

PAUL P. O'BRIEN

Clerk of the United States Circuit Court of Appeals for the Ninth Circuit.

[Title of District Court and Cause]

PETITION FOR DISMISSAL

Comes now Pacific States Corporation, the sole Creditor herein, and files this its application for dismissal of the petition filed herein under Section 75 of the Bankruptcy Act, by Frank D. Hall and Marguerite S. Hall, and for grounds of such application does file the following specifications:

I.

That neither Frank D. Hall nor Marguerite S. Hall is a "farmer", as that term is defined in Section Seventy-five, Chapter VIII of the Bankruptcy Act (United States Code, Title II).

II.

That neither Frank D. Hall, nor Marguerite S. Hall, is the owner of any of the property particularly described in Schedule BI of the original petition filed herein as:—

"Ranch at Leona Valley, near Palmdale.

See photostatic description attached (Standing of record in the name of Citizens National Trust & Savings Bank, Trustee)

(Including water stock under Schedule B-2 (B))"

Wherefore, the said Creditor, Pacific States Corporation, prays that the petition herein be denied, and that these proceedings be terminated and dismissed.

PACIFIC STATES CORPORATION

By A. Q. Robison

Secretary

[Verified.]

[Endorsed]: Filed Jan. 14, 1943. Conciliation Commissioner.

[Title of District Court and Cause]

ORDER UPON PETITION FOR DISMISSAL

The petition for dismissal of the Pacific States Corporation coming on regularly to be heard on the 20th day of January, 1943, at the hour of 2:00 o'clock P. M. in Room 229, Federal Court House and Post Office Building, in the City of Los Angeles, County of Los Angeles, State of California, in the District and Division of the above entitled court, before the Honorable H. Sidney Laughlin, Conciliation Commissioner of Los Angeles County, and being heard on said day and on intermittent days thereafter to and including the 26th day of February, 1943, the petitioning creditor appearing by its secretary, A. Q. Robison and also by its attorney, Richard L. North, Esq., and the debtors appearing in person and by their attorney, C. P. Von Herzen, Esq., and evidence with respect to the issues created by said petition having been introduced and exhibits with respect thereto having been offered and introduced, and the cause having been argued, and the Commissioner having been fully advised in the premises and having taken said matter under advisement with an acknowledgement of a decision on the 5th day of March, 1943, at the hour of 2:00 P. M., and said decision having been announced by the Commissioner that he found said debtors, Frank D. Hall and Marguerite S. Hall, to be farmers within the meaning of Subsection (r) of Section 75 of the Bankruptcy Act, and also to be the owners of the real property described in the schedules attached to

their petition, ~~and the alter ego of Farm Home Builders Inc.,~~ [H.S.L.] and the written findings of fact and conclusions of law having been waived by the respective parties hereto, the Commissioner now makes his order as follows:

It Is Ordered and Adjudged that the petition for dismissal of the creditor, Pacific States Corporation, based upon the ground that the debtors, Frank D. Hall and Marguerite S. Hall, are not farmers, be and the same is hereby denied;

It is Further Ordered and Adjudged that the petition for dismissal of the creditor, Pacific States Corporation, based upon the ground that neither the debtors, Frank D. Hall nor Marguerite S. Hall are the owners of the real property particularly described in Schedule B-1 of the schedules of said debtors be and the same is hereby denied.

Dated May 18th, 1943.

H. SIDNEY LAUGHLIN

Commissioner

[Endorsed]: Filed May 11, 1943. Conciliation Commissioner.

[Title of District Court and Cause]

PETITION FOR DISMISSAL

Comes now the Citizens National Trust & Savings Bank of Los Angeles, and presents this its application for dismissal of the petition filed herein under Section 75 of the Bankruptcy Act, and as grounds for such application alleges:

I.

Petitioner is a National Banking Association organized and existing under the laws of the United States of America and having its principal place of business in the City and County of Los Angeles, State of California.

II.

Petitioner is the owner of the real property referred to and described in Schedule B-1 of the original petition filed herein as:

Ranch at Leona Valley, near Palmdale.

See photostatic description attached (Standing of record in the name of Citizens National Trust & Savings Bank, Trustee) (Including water stock under Schedule B-2 (B))

and has at all times herein mentioned held title to the real property under the terms and provisions of a subdivision trust wherein petitioner and Farm Home Builders Incorporated, a corporation, Pan American Bank of

California, a corporation, and Hambaugh Realty & Construction Company, a corporation, are named as the interested parties.

III.

That neither of the above named debtors is the owner of any of the property hereinabove referred to, or any part or portion thereof, and any interest which they or either of them may have in said trust consists only of a right to receive proceeds therefrom if the terms and conditions of said trust have been performed and complied with and neither of said debtors has any present interest in the said property.

Wherefore, petitioner prays that the petition herein be denied.

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

By N. E. Mudge, Vice President

Petitioner

DERTHICK, CUSACK & GANAHL

By W. J. Cusack

Attorneys for Petitioner

[Verified.]

[Endorsed]: Filed Sep. 14, 1943. Conciliation Commissioner.

[Title of District Court and Cause]

MOTION TO DISMISS

To the Debtors Above Named and To C. P. Von Herzen,
Their Attorney:

You and Each of You will please take notice that the Citizens National Trust & Savings Bank of Los Angeles, a National Banking Association, will move the above entitled court before Hon. H. Sidney Laughlin, Conciliation Commissioner, Room 227 Federal Building, Los Angeles, California, at 10 o'clock A. M. on the 27 day of Sept., 1943, or as soon thereafter as counsel can be heard, for an order dismissing the petition of the debtors on file herein. Said motion to be made on the ground that neither of said debtors is a farmer under the provisions of Section 75, Chapter 8 of the National Bankruptcy Act. Said motion to be based upon the affidavit of Oscar Horst-
and the testimony of Marguerite S. Hall received in
a prior hearing on 1-20, 1943 W.J.C. HSL
mann attached hereto, ^ upon the records and files in this
cause and upon this notice of motion.

September 13, 1943.

DERTHICK, CUSACK & GANAHL

by W. J. Cusack

Attorneys for Petitioner

[Endorsed]: Filed Sep. 14, 1943. Conciliation Commissioner.

[Title of District Court and Cause]

NOTICE OF MOTION TO STRIKE FROM
PETITION AND SCHEDULES

To the Debtors Above Named and to C. P. Von Herzen,
Their Attorney:

You and Each of You will please take notice that the Citizens National Trust & Savings Bank of Los Angeles, a National Banking Association, will move the above entitled court before Hon. H. Sidney Laughlin, Conciliation Commissioner, Room 227 Federal Building, Los Angeles, California, at 10 o'clock A. M. on the 27 day of Sept., 1943, or as soon thereafter as counsel can be heard, for an order striking Schedule B-1 of the original petition on file herein, including the description of the real property therein referred to and the exhibits attached thereto describing said real property, and the water stock pertaining to said real estate described under Schedule B-2. Said motion to be based upon the ground that neither of said debtors is a farmer and upon the further ground that said debtors or either of them do not own said real property or any part or portion thereof. Said motion to be based upon the affidavit of Oscar Horstmann attached hereto, upon the records and files in this cause and upon this notice of motion.

September 13, 1943.

DERTHICK, CUSACK & GANAHL

By W. J. Cusack

Attorneys for Petitioner

[Endorsed]: Filed Sep. 14, 1943. Conciliation Commissioner.

[Title of District Court and Cause]

SUBMITTED CORRECTIONS TO THE PROPOSED
FINDINGS OF FACT AND CONCLUSIONS OF
LAW HERETOFORE SUBMITTED BY AT-
TORNEY FOR DEBTORS H.S.L.

The petition of the Citizens National Trust & Savings Bank of Los Angeles for dismissal of the pending proceedings, and the motion of said Citizens National Trust & Savings Bank to dismiss the petition of the debtors on file herein, and the motion of said bank to strike from the petition of the debtors on file herein, and the schedules attached thereto, the real property therein described and the water stock pertaining to said real property, as is set forth in Schedule B2, coming on regularly for hearing before the Honorable H. Sidney Laughlin, Conciliation Commissioner of Los Angeles County, in Room 227 Federal Building, City of Los Angeles, County of Los Angeles, State of California, in the above entitled Division and District of the above entitled Court, on the 27th day of September, 1943, the Citizens National Trust & Savings Bank of Los Angeles appearing by its counsel, Messrs. Derthick, Cusack & Ganahl, by William J. Cus-

H.S.L. and

ack, Esq., and the debtors appearing by ~~the~~ through their counsel, C. P. Von Herzen, Esq., Messrs. Goudge, Robinson & Hughes by Edgar F. Hughes and David A. Sوندل, Esquires, and the creditor, Pacific States Corporation, appearing by its counsel, Richard L. North, Esq., and evidence with respect to the issues created by the said petition and motions having been offered and exhibits with respect thereto having been offered, and objections

and motion to strike certain testimony having been granted H.S.L. thereto sustained, \wedge and the Commissioner being fully advised in the premises now makes the following Findings of Fact with respect thereto:

I.

The Commissioner finds that some time prior to the filing of the petition and motions on behalf of the said Citizens National Trust and Savings Bank, a corporation, similar petitions were filed for and on behalf of a creditor of said debtors, namely, Pacific States Corporation, a corporation. Thereafter and prior to the hearing herein, the said petitions and motions of Pacific States Corporation were heard and at the conclusion thereof, an was on May 18th 1943 H.S.L. \wedge orders ~~were~~ made and entered herein \wedge denying said petitions and motions of said Pacific States Corporation, a corporation. The time allowed by law for a review of said orders has expired and said orders are now final.

II.

The Commissioner further finds that the petitioner herein, Citizens National Trust and Savings Bank, has no interest in the property involved in this proceeding, under certain trust indentures except as ~~an agent of and~~ as a trustee \wedge ~~for the said creditor, Pacific States Corporation,~~ and accordingly, H.S.L. as trustee the said Citizens National Trust and Savings Bank \wedge is bound by all proceedings heretofore taken by Pacific

States Corporation, a corporation, and the result thereof and the decisions therein.

As Conclusions of Law from the foregoing Findings of Fact, the Commissioner finds:

I.

That the ^{motions} ~~rights~~ of the Citizens National Trust and Savings Bank of Los Angeles, a corporation ^{petition} ~~in or to~~ ^{H.S.L. as trustee} ~~any of the property of the debtors,~~ have been adjudicated herein by the order and decision heretofore made and entered on the petition of Pacific States Corporation, a corporation ^{on May 18, 1945 H.S.L.} ~~and~~ said adjudication is final.

II.

That the petition for dismissal and the motion for dismissal and the motion to strike filed herein by the Citizens National Trust and Savings Bank of Los Angeles should be denied.

January 4 H.S.L.
Dated: ~~December~~ 29, 1943.

H. SIDNEY LAUGHLIN

Conciliation Commissioner of Los Angeles County

Approved as to Form:

C. P. VON HERZEN and
GOUDGE, ROBINSON & HUGHES

By
Attorneys for Debtors

RICHARD L. NORTH

Attorney for Pacific States Corporation

DERTHICK, CUSACK & GANAHL

By W. J. Cusack

Attorneys for Citizens National Trust & Savings
Bank of Los Angeles

[Endorsed]: Filed Jan. 29, 1944. Conciliation Commissioner.

[Title of District Court and Cause]ORDER DISMISSING PETITION FOR DISMISSAL,
DENYING MOTION TO STRIKE FROM
PETITION AND SCHEDULES AND DENYING
MOTION TO DISMISS

The petition of Citizens National Trust & Savings Bank of Los Angeles, together with its motion to strike from petition and schedules, and motion to dismiss, coming on regularly for hearing on the 27th day of September, 1943, before the Honorable H. Sidney Laughlin, Conciliation Commissioner of Los Angeles County, the petitioner and movant, Citizens National Trust & Savings Bank of Los Angeles, appearing by its counsel, Messrs. Derthick, Cusack & Ganahl, by W. J. Cusack, Esq., and the creditor, Pacific States Corporation, appearing by its counsel, Richard L. North, Esq., and the debtors appearing in person and by their counsel, Messrs. Goudge, Robinson & Hughes and David A. Sondel and C. P. Von Herzen, Esquires, and evidence, both oral and documentary, having been submitted, and the matter having

been argued, and the Commissioner being fully advised in the premises, now makes his Order, as follows:

It Is Ordered and Adjudged that the petition for dismissal of the Citizens National Trust & Savings Bank of Los Angeles, be and the same is hereby dismissed;

It Is Further Ordered and Adjudged that the motion to strike from petition and schedules made herein by the movant, Citizens National Trust & Savings Bank of Los Angeles, be and the same is hereby denied;

It Is Further Ordered and Adjudged that the motion to dismiss, made herein by the movant, Citizens National Trust & Savings Bank, be and the same is hereby denied.

January 4.

Dated: ~~October 29, 1943~~

H. SIDNEY LAUGHLIN

Conciliation Commissioner of Los Angeles County

Approved as to Form:

Messrs. DERTHICK, CUSACK & GANAHL

By W. J. Cusack

Attorneys for Citizens National Trust &
Savings Bank

RICHARD L. NORTH

Attorney for Pacific States Corporation

GOUDGE, ROBINSON & HUGHES and

DAVID A. SONDEL and C. P. VON HERZEN

By C. P. Von Herzen

Attorney for Debtors

[Endorsed]: Filed Jan. 29, 1944. Conciliation Commissioner.

In the District Court of the United States
Southern District of California
Central Division

No. 41731-PH

In the Matter of

FRANK D. HALL and MARGUERITE S. HALL,
Husband and Wife,

Debtors.

PETITION FOR REVIEW OF DECISION OF
CONCILIATION COMMISSIONER

To: H. Sidney Laughlin, Esquire, Conciliation Commissioner :

The petition of the Citizens National Trust & Savings Bank respectfully shows:

This is a proceeding instituted by the above named debtors under Section 5 of the National Bankruptcy Act of 1898 as amended in 1942. The debtors filed their original petition on December 9, 1942 and an amended petition on June 4, 1943. The present proceedings involve three matters presented by the Citizens National Trust & Savings Bank of Los Angeles and heard by the Conciliation Commissioner on the 27th of September, 1943. Such proceedings were:

1. A motion to dismiss the proceeding upon the ground that neither of the debtors is a farmer.
2. A petition for dismissal upon the ground that the petitioner and not the debtors was the owner of the real property described in the bankruptcy petition.

3. A motion to strike the description of such real property from the schedules.

In a prior proceeding herein, a petition for dismissal was filed by Pacific States Corporation, a corporation, which petition alleged that the debtors were not farmers within the Act and that the debtors were not the owners of the real property referred to and described in the petition. A hearing was had on the petition of the Pacific States Corporation before the Conciliation Commissioner and there was an adjudication to the effect that the debtors were farmers and the owners of the real property and an order to that effect was made on or about the 18th of May, 1943. The Citizens National Trust & Savings Bank was not a party to that proceeding.

In the instant case an order was made and entered on January 29, 1944 denying relief to the moving party and petitioner Citizens National Trust & Savings Bank upon the ground that the matters set out in the two motions and the petition above referred to had been adjudicated and the petitioner herein was bound by such adjudication.

ERRORS COMPLAINED OF

1. The court erred as a matter of law in refusing to admit in evidence Petitioner's Exhibits 1 to 6 inclusive showing the status of the title to the realty involved in this proceeding, being the following:

Exhibit 1: A grant deed from the debtors Frank D. Hall and Marguerite S. Hall to Farm Home Builders, a corporation, covering the property in question.

Exhibit 2: A grant deed from Pan American Bank, a corporation to the Citizens National Trust & Savings Bank.

Exhibit 3: A grant deed from Pan American Bank, a corporation to the Citizens National Trust & Savings Bank, conveying reversionary interest in the land in question.

Exhibit 4: A declaration of trust No. 5873, and

Exhibit 5: A declaration of trust No. 5902, both executed by the Citizens National Trust & Savings Bank and covering the property in question.

Exhibit 6: A deed of trust covering the real property involved.

2. The court erred in striking from the record the testimony of O. E. Horstman, a witness on behalf of petitioner, which testimony showed the advancements made by petitioner to the trust covering the real property involved and the payment of which advancements was secured by the terms of the trust and the amount owing to petitioner.

3. The court erred as a matter of law in sustaining the objection of the attorney for the debtors to any and all testimony of Frank D. Hall called as a witness on behalf of petitioner, pertaining to his farming activities.

4. The court erred in sustaining the objection to any and all testimony of Marguerite S. Hall, which evidence was offered on behalf of petitioner, pertaining to the farming activities of herself and husband.

5. The court erred as a matter of law in finding that the Citizens National Trust & Savings Bank was bound

by all proceedings theretofore taken by Pacific States Corporation, a corporation.

6. The court erred in its conclusions of law from the evidence that the matter set out in the two motions and petition of petitioner herein had been adjudicated by the order and decision theretofore made and entered on the petition of Pacific States Corporation.

7. The court erred as a matter of law in dismissing the petition of Citizens National Trust & Savings Bank for dismissal of these bankruptcy proceedings.

8. The court erred in denying petitioner's motion to strike the description of the real property from the petition and schedules of the debtors.

9. The court erred in denying the motion of Citizens National Trust & Savings Bank to dismiss the petition herein, which motion was based upon the ground that neither of the petitioners were farmers.

Wherefore, petitioner prays for a review of said orders by the District Court and that said orders be vacated and set aside.

Dated: February 7, 1944.

CITIZENS NATIONAL TRUST & SAVINGS
BANK OF LOS ANGELES

By N. E. Mudge

Petitioner. Vice President & Trust Officer
DERTHICK, CUSACK & GANAHL

By Wm. J. Cusack

Attorneys for Petitioner

[Affidavit of Service by Mail.]

[Endorsed]: Filed Feb. 8, 1944. Conciliation Commissioner.

In the District Court of the United States
Southern District of California
Central Division
No. 41731 O'C

In the Matter of FRANK D. HALL and MAR-
GUERITE S. HALL, Husband and Wife,
Debtors.

ORDER AFFIRMING CONCILIATION
COMMISSIONERS ORDER

C. P. Von Herzen, Esquire, and David A. Sondel, Esquire,
and Edgar P. Hudes, Esquire, Attorneys for
Debtors.

Derthick, Cusack and Ganahl, Attorneys for the Petitioner,
Citizens National Trust & Savings Bank.

Memorandum Opinion by the Court

The Court has carefully considered the Petition for Review from the decision of the Conciliation Commissioner dated May 18th, 1943 and the arguments of Counsel for the respective parties heard May 15th, 1944 and has examined the authorities submitted and having reviewed the entire file is of the opinion that the Order of the Commissioner should be affirmed:

Therefore it ordered, adjudged and decreed that the Order and Judgment of the Conciliation Commissioner be and the same is hereby affirmed. Exception allowed Petitioner.

Dated at Los Angeles, August 29th, 1944.

J. F. T. O'CONNOR
United States District Judge

Judgment entered Aug. 29, 1944. Docketed Aug. 29, 1944. C. O. Book 27, page 521. Edmund L. Smith, Clerk; by Louis J. Somers, Deputy.

[Endorsed]: Filed Aug. 29, 1944.

[Title of District Court and Cause]

STIPULATION FOR SUPPLEMENTING OF RECORD

It Is Hereby Stipulated and Agreed between appellant, Pacific States Corporation, through George T. Coggin, its attorney, and Frank D. Hall and Marguerite S. Hall, Appellees, through C. P. Von Herzen, Edgar F. Hughes and David A. Sondel, their attorneys, that the following papers and exhibits in the within case be certified and transmitted to the United States Circuit Court of Appeals for the Ninth Circuit as a supplement to the record heretofore transmitted and that the original documents and exhibits may be transmitted in lieu of copies. The costs and expenses in connection with the printing, certifying, etc. of the matters contained in this stipulation shall be paid for by the debtors, Frank D. Hall et al., but with ultimate costs of the appeal to be borne by the losing party. The papers and exhibits as follows:

1. Petition of Pacific States Corporation to dismiss the debtor's original petition. Dated January 14, 1943.
2. Order of Commissioner, dated May 18, 1943, denying petition of Pacific States Corporation to dismiss.
3. Petition of Citizens Nat. Trust & Savings Bank to dismiss. Filed Sept. 14, 1943.
4. Motion of Citizens Nat. Trust & Savings Bank to dismiss. Filed Sept. 14, 1943.
5. Notice of motion to strike, etc. filed Sept. 14, 1943 by Citizens Nat. Trust & Savings Bank.
6. Findings and conclusions of the Commissioner in denying the motions and petitions of Sept. 14, 1943. Dated January 29, 1944.

7. Order of January 29, 1944 dismissing the motions and petitions of Sept. 14, 1943.

8. Petition of Citizens Nat. Trust & Savings Bank for review of order of Jan. 29, 1944. Dated Feb. 7, 1944.

9. Order of Judge O'Connor affirming the Commissioner's order of Jan. 29, 1944. Dated August 29, 1944.

10. Exhibits marked as follows: Debtor's Exhibits 2-7 and those portions of Debtor's Exhibit 2-4 not already transmitted to the said United States Circuit Court of Appeals.

Dated: March 27, 1947.

GEORGE T. GOGGIN

Attorney for Pacific States Corporation

C. P. VON HERZEN

EDGAR F. HUGHES and

DAVID A. SONDEL

Attorneys for Frank D. Hall and

Marguerite S. Hall

[Title of District Court and Cause]

ORDER APPROVING SUPPLEMENTARY
RECORD

Good Cause Appearing Therefor the attached stipulation is approved and it is ordered that the papers and exhibits enumerated therein be certified by the clerk of this court and transmitted to the United States Circuit Court of Appeals for the Ninth Circuit.

Dated: March 28, 1947.

WM. C. MATHES

Judge of the United States District Court

[Endorsed]: Filed Mar. 29, 1947.

[Title of District Court and Cause]

CERTIFICATE OF CLERK TO SUPPLEMENTAL
TRANSCRIPT

I, Edmund L. Smith, Clerk of the District Court of the United States for the Southern District of California, do hereby certify that the foregoing pages contain the original Certificate of Conciliation Commissioner on Review; Petition for Review of Decision of Conciliation Commissioner; Petition for Dismissal; Motion to Dismiss; Notice of Motion to Strike from Petition and Schedules; Findings of Fact and Conclusions of Law; Order of Conciliation Commissioner Dismissing Petition for Dismissal, Denying Motion to Strike from Petition and Schedules and Denying Motion to Dismiss; Order of Conciliation Commissioner upon Petition for Dismissal; Supplemental Referee's Certificate of Petition for Review; Petition for Dismissal; Order of District Judge Affirming Conciliation Commissioner's Order; the remainder of Debtor's Exhibit No. 2-4; and Debtor's Exhibit 2-7, all in the above entitled matter and a full, true and correct copy of Stipulation and Order for Supplementing of Record which constitute the supplemental transcript of record on appeal to the United States Circuit Court of Appeals for the Ninth Circuit.

Witness my hand and the seal of said District Court this 31st day of March, A. D. 1947.

(Seal)

EDMUND L. SMITH

Clerk

By Theodore Hocke

Chief Deputy Clerk

[Endorsed]: No. 11527. United States Circuit Court of Appeals for the Ninth Circuit. Pacific States Corporation, Appellant, vs. Frank D. Hall and Marguerite S. Hall, Appellees. Supplemental Transcript of Record. Upon Appeal From the District Court of the United States for the Southern District of California, Central Division.

Filed April 3, 1947.

PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals for
the Ninth Circuit.